A DUAL MODERATED MEDIATION MODEL OF FAVORITISM'S EFFECTS ON EMPLOYEE ATTITUDES, INTENTIONS, AND BEHAVIOR

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Although suspected to be a widespread phenomenon, workplace favoritism is an under-researched area of study. Scholars have queried the effects of perceived favoritism on employee outcomes through only a handful of studies, and the majority of those studies have been conducted at private firms in Middle Eastern countries where tribalism (i.e., loyalty to one's family or social group) is conventional. Further, differences in conceptual definitions of favoritism and subsequent subdimensions have muddied the understanding of what elements are considered essential to each phenomenon. Finally, favoritism research lacks examinations of conditional indirect effects of favoritism on employee outcomes. Therefore, the purpose of this research is three-fold. The first aim is to develop a comprehensive, multidimensional measure of favoritism that will capture essential elements of the phenomenon that are specific to its subdimensions. Additionally, this study aims to increase our understanding of favoritism by examining the its indirect effects on job satisfaction, organizational commitment, counterproductive work behavior, and turnover intention through organizational justice, as well as explore differences in these effects among the supervisor's ingroup/outgroup members and among employees who vary in their perceptions of permeability to their supervisor's ingroup.

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CHAPTER 1

INTRODUCTION

1.1 Research Rationale

Favoritism is a common problem for organizations around the world, and the practice can result in a number of consequences for employees. According to results of an online survey taken by senior executives on the use of favoritism in promotions, researchers found that 56 percent of respondents reported having a favored candidate prior to the promotion-decision process, and 96 percent of those individuals ended up choosing the favorite for promotion (Reinsch & Gardner, 2014). This is quite disheartening, as the results suggest that in organizations where managers "play favorites," non-favored employees may be at a disadvantage when going up for promotion. Furthermore, employees who perceive that certain coworkers receive special treatment, especially when they perceive themselves as not being at the receiving end of that treatment, may experience negative emotions or engage in bad behaviors. After all, studies have shown that employees who perceive that their treatment by a manager is unfair and/or unjust are likely to have lower job satisfaction (Gilliland, 1993; Kosteas, 2011), organizational commitment (Gilliland, 1993; van Dierendonck & Jacobs, 2012), organizational citizenship behaviors, and performance (Gilliland, 1993), as well as increased intentions to leave the organization (Gilliland, 1993) and higher levels of counterproductive work behavior (Baron & Neuman, 1996; Greenberg & Alge, 1998; Martinko, Gundlach, & Douglas, 2002). Because of the disadvantages and emotional hardships that it poses on non-favored employees, favoritism is highly discouraged in the workplace (Mujtaba & Sims, 2011; Prendergast & Topel, 1996).

1.2 Statement of the Problem

In general, employees have an expectation that they will be treated fairly at work. Not

surprisingly, fairness expectations are not always met via a supervisor's actual treatment of a subordinate, and employee *perceptions* of fairness can have great impact on their attitudes and behavior. In an employee engagement research study conducted by PayScale, Inc. that included a sample of more than 500,000 employees, researchers found that how employees felt about their organization's pay process had a larger impact on job satisfaction than the actual amount of pay they received relative to what others were making in the same industry (PayScale Inc., 2017). This finding is important, as it highlights the need for managers to have an awareness of how their behavior may affect employee perceptions of fairness.

One factor that can cause an employee to perceive unfairness at work is favoritism. Although assumed by many to be a significant problem in organizations throughout the United States, favoritism is "an under-researched phenomenon" (Lipman, 2018). Rather than conduct field studies to examine the implications of perceived favoritism at work, management scholars have focused their research on ingroup favoritism, conducting mostly lab experiments on university students to determine if the phenomenon exists (e.g., see Balliet, Wu, & De Dreu, 2014). There is a dearth of research studies that examine individual or organizational outcomes of favoritism at work. Of those studies that do consider employee outcomes, most have involved samples of employees from countries in and around the Middle East. This study addresses this limitation by examining employed individuals in the United States.

Favoritism is an umbrella term that groups favoritism types (i.e., nepotism, cronyism, patronage, etc.) into a single category. A supervisor who hires his brother over more qualified applicants engages in *nepotism*, whereas a manager who offers a promotion to her best friend over more qualified candidates engages in *cronyism*. A third type of favoritism, *patronage*, often occurs in politics when an individual of power hires people who will increase his political

advantage. *Sexual favors*, a fourth type of favoritism often discussed in law journals, occurs when a supervisor gives special treatment to an individual in return for sexual acts. Because there is an array of different types of favoritism, it may be beneficial for scholars to examine favoritism as both a broad and multidimensional construct.

Building on the conflict of whether to examine the broad use of favoritism or its multiple dimensions, another problem with research in this area is the interchangeable use of favoritism and its dimensions by scholars. For instance, some studies use the broader term *favoritism* to define a concept of more narrow scope, like *nepotism* (e.g., Arasli & Tumer, 2008). Others use a specific type of favoritism (i.e., cronyism) to represent the broader concept (e.g., Turhan, 2014). In a third example, Nadeem, Ahmad, Batool, & Shafique (2015) examine favoritism, nepotism, and cronyism as separate dimensions. In order to reduce confusion surrounding the construct of favoritism, the current study examines favoritism as an umbrella term for nepotism and cronyism.

Finally, there are a number of reasons why practitioners should pay attention to the consequences of favoritism. As prior research has shown, individuals who are categorized into groups tend to favor ingroup members over outgroup members (Balliet, Wu, & De Dreu; Hewstone, Rubin, & Willis, 2002; Tajfel & Turner, 1979), resulting in benefits to ingroup members and negative emotions and behaviors from outgroup members towards ingroup members. In addition, although favoritism behavior is not necessarily illegal, it remains a significant problem in many organizations, and can lead to more serious, illegal behaviors such as harassment or discrimination, especially if favoritism is based on legally protected characteristics such as race or religion. Furthermore, while it is apparent that some managers engage in favoritism behavior, it is possible that some employees believe that favoritism occurs

in their workplace when it actually does not. In response to these dilemmas, this study investigates factors such as friendship, family ties, and preferred attributes that are likely to trigger perceptions of favoritism.

1.3 Research Significance

This research makes several important contributions to the management literature. First, this investigation aims to improve upon existing measurements of favoritism. Because of the scarcity of studies on favoritism at work and the lack of cohesion amongst those studies, a commonly accepted measure does not exist. Therefore, developing a comprehensive and accurate measure of favoritism is crucial.

Second, this study will provide more depth to the existing favoritism literature. The lack of research examining the effects of favoritism perceptions at work, specifically as they relate to employee outcomes, provides a great opportunity for scholars to explore an often-ignored area of study. Few studies have examined favoritism as an antecedent to factors like job satisfaction, organizational commitment, and turnover intention, and studies that test favoritism's effects on organizational justice or counterproductive work behavior (CWB) are lacking. Furthermore, a majority of studies that do examine the effects of favoritism on employee attitudes and behavior have been conducted in countries located in the Middle East, like Iran, Pakistan, and Turkey. Studying the consequences of favoritism on employee outcomes using a sample from the United States will address this limitation.

Finally, prior works that examine moderators of favoritism's relationships with employee attitudes and behavior are practically nonexistent, leaving a lot of room for expansion. Because group membership is suspected to be a significant factor in favoritism behavior, it makes sense to determine how perceived ingroup membership affects favoritism's relationships with employee

attitudes and behavior. In addition, believing that an outgroup member can become an ingroup member may have a similar effect. Therefore, this study examines ingroup membership and group permeability as moderators.

1.4 Theoretical Framework

Reasoning for the development of ingroup and outgroup memberships can be explained through leader-member exchange theory (LMX) and social identity theory (SIT). This section explains how the stages of interpersonal relationship development (specifically in the workplace) described in LMX theory are key to the formation of ingroups. In addition, group selection (i.e., why individuals choose – and are chosen – to be a member of some groups and not others) is explained through SIT. This section concludes with proposed research questions.

1.4.1 Leader-Member Exchange

Leader-member exchange theory describes ingroup formation as composed of different stages of interpersonal relationship development (Graen & Uhl-Bien, 1991). Ingroup formation is important in favoritism research, as noticeable signals of favoritism (i.e., the boss asks "favored" employees for input more often than non-favored employees) may emerge during relationship development, causing employees to perceive that there is a definitive line between the supervisor's ingroup and outgroup, and that ingroup members tend to be favored over outgroup members.

The diverse and complex relationships that exist between leaders and subordinates have been explained extensively in the LMX literature (Dansereau, Graen, & Haga, 1975; Graen, 1976; Graen & Cashman, 1975; Graen & Scandura, 1987; Graen & Uhl-Bien, 1991, 1995; Graen & Wakabayashi, 1994; Graen, Novak & Sommerkamp, 1982). LMX scholars suggest that leaders have unique relationships with each of their followers, and that some relationships are of

higher quality than others (Graen & Uhl-Bien, 1995). Graen and Uhl-Bien's (1991) model, for example, identifies the importance of high-quality relationships between leaders and followers and describes a process of how organizations can use these types of relationships for success. The authors also explain the importance of *leadership-making*, suggesting that leaders should strive to have high-quality relationships with *all* employees. According to Graen and Uhl-Bien, leadership-making is a process that matures over time. This line of thought promoted the development of the following relationship stages: stranger stage, acquaintance stage, and mature stage.

The first stage of relationship development (i.e., *stranger* phase) involves formal interactions between the leader and followers. The exchanges that take place during this phase are contractual in nature, in that the leader tells subordinates what to do, and the subordinates do what they are told. In order to bridge from the first stage to the second stage, an "offer" must be made by either the leader or follower for advancement to an improved, career-based working relationship. If the offer is accepted, the relationship then transfers to the second stage (i.e., *acquaintance* stage).

Social exchanges that occur during the *acquaintance* stage are more frequent, and are at times not work- nor career-related, but rather personal instead. Although the leader and follower may be more "comfortable" with each other during this phase, this is still somewhat of a trial period, where both parties are figuring out the state of the relationship and where it is headed. At this time, more information and resources are shared between the leader and follower, and there still exists "an equitable return of favors" (Graen & Uhl-Bien, 1995: 230).

Finally, a follower who proves himself to be loyal and trustworthy is most likely to advance to the third, and final stage: the *mature partnership*. Social exchanges at this level are

in-kind, where the leader and follower make equitable transactions that may be tangible (e.g., resources) or intangible (e.g., respect, trust, etc.) in nature. Reaching this stage solidifies a follower's place within the leader's *ingroup*. On the other hand, those who do not advance to the third stage are more likely to become members of the leader's *outgroup*.

1.4.2 Social Identity Theory

Determining who we like and dislike, who we can and cannot rely on, and who we favor and disfavor is dependent on the similarity between or compatibility of factors like our own and another's personality, personal background, and prior experiences. Relative to LMX theory, SIT posits that a person's self-identity originates in their perceived (non-)membership in a social group, which is formed upon their similarity to (or difference from) members of that group (Tajfel & Turner, 1979). According to this theory, the ways in which a person socially categorizes themselves (i.e., rich/poor; educated/uneducated; athletic/non-athletic; etc.) impacts their choice of groups to which they will identify.

A unique aspect of SIT is that it allows for instances in which an individual may consider themselves a member of a group while actual group members consider the individual an outgroup member. An example provided by Allport (1954) explains that a member of an ethnic minority group, longing to be a member of the ethnic majority group, may adapt their attitudes and behavior to fall in line with the attitudes and behavior of the ethnic majority group (see Leary & Kowalski, 1990, for information regarding *impression management*). Once the minority group member transforms himself to look and act as much as possible like the majority group members, he may perceive membership to the majority group. Unfortunately, while the member of the ethnic minority group may consider himself a member of the ethnic majority based on his adaptations, the ethnic majority may not consider him a member. Sherif and Sherif (1953)

describe the ethnic majority group in this case as the ethnic minority group member's *reference group*.

While clear ingroup/outgroup memberships with strong boundaries can foster pessimism and other negative attitudes amongst outgroup members, perceiving (the possibility of) membership to a reference group may improve the general attitudes of outgroup members. The mindset of an individual who perceives themselves as a member of a group, even when true members of that group do not consider them a group member, may be similar to the mindsets of the true ingroup members. In addition, employees who perceive themselves as outgroup members, but believe that ingroup membership is attainable, may display more positive attitudes than those who believe that ingroup membership is not attainable.

1.5 Research Questions

Having exposed several shortcomings in the favoritism literature, this investigation has three main purposes. A primary aim of the study is to develop a comprehensive, multidimensional measure of favoritism that combines elements of cronyism and nepotism – both commonly regarded forms of favoritism. The new measure will allow for more consistency across future studies when testing favoritism at work and increased generalizability across industries, which should aid in the expansion of favoritism research. Second, the study will examine direct and indirect effects of nepotism and cronyism on various employee attitudes and behavior. Although prior studies have examined the direct effects of nepotism and cronyism on job satisfaction, organizational commitment, and turnover intention, the research is sparse and lacks samples outside of the Middle East. Therefore, replicating these relationships with a new population (i.e., employees in the U.S.) may further validate prior findings. The examination of a direct relationship between favoritism and CWB, and the mediating role of organizational

justice, are novel predictions that will aid in the expansion of the management literature. Finally, this research examines key boundary conditions not yet considered in prior research that may influence the favoritism-attitudes and favoritism-behavior relationships. More specifically, this study addresses the following questions:

> Research Question 1: What are the effects of favoritism on employee attitudes and behavior (specifically job satisfaction, organizational commitment, counterproductive work behavior, and turnover intention) in samples within the U.S.?
>
> Research Question 2: Are the relations between favoritism and employee attitudes and behavior mediated by organizational justice?
>
> Research Question 3: Does favoritism have different effects on organizational justice in ingroup versus outgroup members?
>
> Research Question 4: Does favoritism have different effects on organizational justice in employees who perceive the supervisor's ingroup as highly permeable versus those who perceive it as nominally permeable?

1.6 Dissertation Overview

Chapter 2 presents a review of the favoritism literature, examining the nature of favoritism and commonly regarded types of favoritism. This chapter also discusses the importance of examining employee perceptions of favoritism as opposed to actual instances of favoritism behavior when considering how favoritism affects employee attitudes and behavior. Next, the advantages and consequences of favoritism are provided, followed by a conceptual model and hypotheses.

Chapter 3 presents the methods used in this study, including a description of study participants, procedures used for data collection, and measurements used to test key variables. The chapter will conclude with a description of the data analysis procedures.

CHAPTER 2

LITERATURE REVIEW AND HYPOTHESES

In order to understand the characterization of favoritism, as well as identify existing models of the phenomena, searches of scholarly works were conducted in the areas of psychology, education, human development, law, and business. Although studies of favoritism boomed in the 1970s, the review extends back to a piece by Bogardus (1928), which examines attitudes toward immigration and race in the United States. While the literature review revealed a robust line of experimental research on ingroup favoritism, it also highlighted the dearth of empirical research examining favoritism's effects on employee attitudes and behavior.

The first section of the literature review discusses how favoritism is defined in this study. This includes an examination of two of the most popular types of favoritism (i.e., nepotism and cronyism), and is followed by a look at the importance of exploring perceived versus actual favoritism. The next section reviews the advantages and disadvantages of favoritism at work, and the chapter concludes with the study's proposed hypotheses.

2.1 The Multidimensionality of Favoritism

The literature review unearthed various types of favoritism, including ingroup favoritism, nepotism, cronyism, and patronage. Due to the lack of prior research on *patronage*, "the power to make appointments to government jobs especially for political advantage" (patronage, 2019), and its close link to both nepotism and cronyism, this type of favoritism in not featured in the literature review. The review did unveil other factors, such as similarity and likeability, likely to increase favoritism behavior. As a result, studies examining similarity-attraction theory were evaluated.

2.1.1 What is Favoritism?

A common thread across favoritism research studies is the inclusion of a relationship element in the conceptual definition. Everett, Faber, and Crockett (2015), for example, describe favoritism as instances of ingroup members acting more prosocially (i.e., helpful) towards each other, and less prosocially towards outgroup members. In addition, Prendergast and Topel (1996) define favoritism in their study as instances "where evaluators act on personal preferences toward subordinates to favor some employees over others" (p. 958). A final example is found in Rousseau, Ho, and Greenberg (2006)'s study, where they define favoritism as a "form of preferential arrangement…where a firm's agents (e.g., supervisors) favor certain workers over others based on relational factors (e.g., personal relations or political ties)" (p. 980). Allport (1954), however, contends that a personal relationship does not have to exist for someone to consider themselves a member of a group, suggesting that an individual can show favoritism towards another person based on very little knowledge about that person. For instance, if a job candidate is hired based on the interviewer's preference for the university in which the applicant graduated (due to the interviewer being a graduate of the same university), then the hiring behavior would have been based (at least partially) on personal bias rather than a personal relationship. This suggests that favoritism can be defined broadly enough to include behavior that is based on one's personal preferences.

Favoritism research shows a lack of consistency across studies as to how broadly the construct is defined and how many dimensions are included. Scholars have used the terms favoritism, nepotism, and cronyism interchangeably, wherein specific types of favoritism serve as proxies for the broader construct. This precludes examining favoritism as a multidimensional construct. For instance, some scholars have used the broad term *favoritism* when defining

cronyism, or they have used a narrower term like cronyism when they are actually defining the broader concept of favoritism. In one such example, Arasli and Tumer (2008) define favoritism as "the provision of special privilege to friends, colleagues and acquaintances, in the areas of employment, career and personnel decisions" (p. 1239). In contrast, Turhan (2014) defines *organizational* cronyism, a dimension of favoritism, as the favoring of employees by a manager "based on non-performance-related factors or reciprocal exchange of favor" (p. 295). Here, cronyism is defined more broadly and lacks the stipulation that the individual being favored is a friend or associate. In other words, the author uses a broad definition to describe a narrow term.

In order to develop a comprehensive definition of favoritism, it is important to consider how it is defined by lexicographers (i.e., those who compile, write, and edit dictionaries). Favoritism, according to the Merriam-Webster (2018) and Cambridge (2018) dictionaries, is the practice of showing partiality or preference to a person or group while neglecting another person or group having equal or superior claims. Unlike discrimination, an individual who engages in favoritism does not necessarily do so for the purposeful mistreatment of others, nor for the purpose of giving an advantage to individuals of whom they deem in need of compensation for personal or professional "disadvantage or lack of privilege" (*positive discrimination*; Cambridge Dictionary, 2018). For instance, researchers have suggested that positive discrimination is often engaged in for the purpose of "speed[ing] up the progression to equality in the workplace" (Noon, 2010: 728), whereas individuals who engage in favoritism (a prosocial behavior) may have personal outcomes (and the outcomes of ingroup members) in mind or may be looking for reciprocation from others (Everett, Faber, & Crockett, 2015).

In sum, a review of the favoritism literature suggests similarities and differences in published definitions of favoritism. To capture the elements most important to this study,

favoritism is defined as the practice among individuals with power or influence of unfairly favoring employees due to personal relationships or personal preferences rather than merit or qualifications.

2.1.2 Types of Favoritism

A shared opinion amongst scholars and practitioners is that favoritism comes in different forms. Probably the most common types of favoritism are those that occur due to one's relationship status with another (i.e., kinship or friendship) or his or her group membership. Management scholars have focused on *ingroup favoritism*, which is the propensity to favor or benefit members within one's group over individuals in other groups (Balliet, Wu, & De Dreu, 2014; Everett et al., 2015). Two major types of perceived ingroup favoritism are nepotism and cronyism.

Nepotism is described as the practice of a person with organizational power (e.g., a supervisor) to show partiality towards his/her family members, or the family members of other persons with organizational power, and is more prominent during the hiring and promotion process (Chavdarova, 2015; Leotta, 2020). Nepotism occurs mostly in family-owned business, where owners tend to hire their spouses, children, and extended relatives to work at the company (Jaskiewicz, Uhlenbruck, Balkin, & Reay, 2013). Nepotism also occurs in large, family- and non-family owned corporations. For instance, Jerry Jones, owner, president, and general manager of the Dallas Cowboys, has three children who work as company executives (Dallas Cowboys, 2019). Another example of nepotism is found in The Trump Organization, where Donald J. Trump is the owner and president (although he has set these responsibilities aside while holding the position of President of the United States), and his two eldest sons, Donald J. Trump, Jr. and Eric Trump, hold positions of Executive Vice President for the organization. Trump's hiring of

family members has extended to the White House, where his daughter, Ivanka, and son-in-law, Jared Kushner, hold prominent positions. Finally, nepotism is often found in academic institutions. As Schiebinger, Henderson, and Gilmartin (2008) found in their study that 36 percent of full-time faculty from 13 research universities had academic partners. Forty-four percent of respondents in their study (including more than 33 percent of academic couples) were concerned that spousal hires that occur within the same department can cause conflicts of interest, especially when one spouse takes on the role of an administrator.

Cronyism, another type of favoritism, is often referred to as situations where a person of power appoints a friend or associate to a position in an organization even though the individual is not the 'best' person for the job. Arasli and Tumer (2008) define cronyism as "giving preference to politicians, particularly to cronies (close friends of long standing), especially in the appointment of hangers-on to office without regard to their qualifications" (p. 1239). Khatri and Tsang (2003) believe that an individual with power engages in favoritism behavior for reciprocal purposes. They define cronyism as "favoritism shown by the superior to his or her subordinate (e.g., promotion, bonus, pay raise, or better job assignment) based on non-performance (e.g., relationship of subordinate with the superior), rather than performance criteria (e.g., objective performance, competence, or qualifications of the subordinate), in exchange for the latter's personal loyalty" (p. 291). In order to remain consistent with prior definitions of cronyism and definitions of other forms of favoritism in this study, *cronyism* is defined in this study as the practice of a person with organizational power to show partiality towards his/her friends and acquaintances.

While there are benefits in understanding how relationship type (i.e., ingroup versus outgroup) can affect management behavior, it may be equally beneficial to look deeper into

relationship development in order to try to understand whether other biases (i.e., individual preferences) affect behavior. Categorization of individuals into ingroups and outgroups "leads to stereotyping, intergroup bias, and prejudice" (Duckitt, 1992: 50). Strong opinions and beliefs towards or against a group or 'type' of people have the potential to affect the permissibility of a new person into the ingroup. After all, theories like that of similarity-attraction posit that people tend to like individuals who are similar to themselves (Byrne, 1971; Byrne & Neuman, 1992; Byrne, 1997; Goldberg, 2005; Montoya & Horton, 2012). Therefore, it stands to reason that a leader (i.e., supervisor) may be biased, whether deliberately or unconsciously, towards individuals (i.e., subordinates) who share similarities (e.g., personality, education background, or hobbies) with them. In turn, these biases may affect who the leader will befriend and the quality of the developed relationship. The quality of the leader-member relationship determines whether the follower is likely to benefit from leader favoritism behavior. For instance, as relationship quality increases, so does the likelihood that one may benefit from favoritism.

2.2 Favoritism Perceptions vs Actuality

Lewin (1936) suggests that individual responses are based on one's perception of reality rather than actual reality. Porter (1976) also notes the importance of examining perceptions, even if they do not align with reality. He, as well as Gandz and Murray (1980), suggest that the subjective experience, specifically in the area of organizational politics, is an area of research worth investigating (Ferris & Kacmar, 1992). Helping to legitimize the need for research in this area, Ferris and Kacmar (1992) conducted one of the first studies that conceptualized and examined perceptions of organizational politics. The authors found job autonomy, skill variety, feedback, and advancement opportunity to explain a noticeable proportion of variance in perceptions of organizational politics. The findings are significant in that one's view of

organizational politics is developed from the perceptions of how well they have been treated by their supervisor. The results from Ferris and Kacmar's (1992) study are useful for the proposed study as well, as it highlights the importance of examining perceived favoritism as opposed to actual favoritism.

While scholars have established that ingroup bias leads to an inequitable distribution of ratings and resources that favors ingroup members over outgroup members (i.e., *favoritism behavior*; Billig & Tajfel, 1973; Brewer & Silver, 1978; Rabbie & Wilkens, 1971; Sherif, Harvey, White, Hood, & Sherif, 1961; Tajfel, Billig, Bundy, & Flament, 1971; Tajfel & Billig, 1974), few researchers have examined the effects of ingroup and outgroup members' perceptions of favoritism on their attitudes and behavior. It is important for scholars and practitioners to recognize that actual favoritism behavior does not always coincide with individuals' perceptions of favoritism. Granted, there are some instances where a supervisor favors some employees over others, and all of his subordinates are cognizant of it. In other instances, however, managers may know that they engage in favoritism behavior, but their subordinates lack awareness of it. A third scenario includes instances where managers do not engage in favoritism behavior, yet their staff perceive that they do. Whereas actual favoritism behavior may not affect employee attitudes and behavior, especially when employees do not perceive favoritism as occurring, the perception that favoritism is occurring can. In addition, while favoritism is advantageous for some and disadvantageous for others, we do not know how ingroup and outgroup members perceive favoritism behavior, nor how they react to the perceived behavior.

2.3 Advantages and Disadvantages of Favoritism

According to Graen and Uhl-Bien (1991), as relationships progress, followers eventually land into one of two groups: the leader's *ingroup* or *outgroup*. An individual who lands in the

ingroup is loyal and offers support to the leader. An ingroup member also shares mutual respect and trust with the leader. Kennedy (1983) suggests that the leader of an ingroup tends to have a high degree of incremental influence based on his expertise and power that may even go beyond the leader's formal authority (Vecchio, 1988). For example, a leader may have the ability to influence loyal followers to complete tasks that are more personal than they are work-related. In turn, a loyal follower may be able to capitalize on this informal arrangement. Indeed, researchers have found several advantages to ingroup membership. First, individuals give more positive evaluations to ingroup members than outgroup members (Balliet, Wu, & De Dreu, 2014; Brewer, 1979; LeVine & Campbell, 1972; Mullen, Brown, & Smith, 1992; Perdue, Dovidio, Gurtman, & Tyler, 1990). Second, ingroup members reward each other more than they reward outgroup members (Balliet et al., 2014; Tajfel et al., 1971). Third, some scholars argue that ingroup members may receive long-term benefits and an increased probability of survival due to the ingroup's likelihood of functioning and performing well together (Balliet et al., 2014; Brewer, 1999; Caporael, 2007). As for benefits to the organization, Ponzo and e Scoppa (2010) state that recruitment and hiring costs reduce when an organization resorts to hiring friends, acquaintances, and family members of employees. Overall, research on the advantages of ingroup membership boil down to one type of behavior: favoritism.

Several problems can arise from the presence of favoritism at work. For instance, managers who oversee a relative or friend may have difficulty reprimanding or firing the individual when a reprimand or firing is warranted (Ford & McLaughlin, 1985). As a result, outgroup members may feel resentment or exhibit socially hostile behavior towards the supervisor or ingroup members (Brewer, 2001; Hewstone, Rubin, & Willis, 2002). In addition, intergroup competition may increase, and tensions between groups may rise (Balliet et al., 2014;

Bornstein, 2003). Furthermore, although companies that promote from within tend to have higher employee morale and organizational commitment (Hiltrop, 1999), allocated resources and rewards based on favoritism can produce negative effects such as reduced job satisfaction (Arasli & Tumer, 2008; Khatri, Tsang, & Begley, 2006; Melé, 2009), reduced organizational commitment (Büte, 2011; Khatri & Tsang, 2003; Patrick & Jackson, 1991), increased job stress (Arasli & Tumer, 2008; Daskin, 2013), and greater intentions to leave the organization (Büte, 2011), and may lead to higher levels of CWB. Finally, hiring through informal rather than formal networks increases the risk of losing a more talented workforce (Ponzo & e Scoppa, 2010).

2.4 Exploratory Studies on Employee Favoritism Perceptions

Many research experiments have revealed advantages and disadvantages of ingroup favoritism, yet only a few correlational and quasi-experimental studies have explored the consequences of employee *perceptions* (rather than actions) of leader favoritism behavior. Khatri and Tsang (2003) were some of the first scholars to postulate antecedents and consequences of cronyism at work. Antecedents to cronyism with positive relationships, they suggest, include strong ingroup bias and unreserved personal loyalty. The authors also make arguments for cronyism to be negatively related to job satisfaction, organizational commitment, ingratiation, performance morale, and inertia. Khatri and Tsang's (2003) theoretical propositions have been used as a guide by recent favoritism researchers who desire to test the role that favoritism and its sub-dimensions play in employee attitudes and work behaviors.

Arasli and Tumer (2008) conducted one of the first empirical studies examining the effects of nepotism, favoritism, and cronyism on employee attitudes and intentions. A 47-item survey was developed utilizing relevant sources (e.g., Abdalla, Maghrabi, & Raggad, 1998) in order to measure nepotism, favoritism, cronyism, job stress, word of mouth information, job

satisfaction, and intention to quit. Data were collected from a sample of bank employees in Northern Cyprus. Path analyses showed nepotism, favoritism, and cronyism to have positive relationships with job stress and a negative relationship with job satisfaction. Although some correlations were reported in the study, a full correlation table of the aggregated variables was not presented, leaving questions regarding the relationships between nepotism, favoritism, cronyism, and turnover intention. Furthermore, the authors hint that the favoritism and nepotism questionnaire items loaded onto a single factor in a factor analysis (e.g., they label questionnaire items as nepotism-favoritism and provide mean results for those combined items), yet they separated these two constructs when conducting their path analyses. This discrepancy highlights the need to re-evaluate favoritism-type scales previously used in management research and possibly develop a new, multidimensional scale of favoritism.

Another study examining direct consequences of favoritism on employee attitudes and behavior is that of Büte (2011). Utilizing data from bank employees in Ankara, Turkey, a path analysis revealed preferential treatment had negative effects on job satisfaction and organizational commitment. In addition, preferential treatment had a positive effect on intention to quit. In a final study, Nadeem and colleagues (2015) tested the effects of favoritism, nepotism, and cronyism on job satisfaction using a sample of 220 telecom workers in Pakistan. Unlike other studies, the researchers found favoritism, nepotism, and cronyism to have positive effects on job satisfaction. Their explanation for positive effects is that telecom sector organizations prefer to hire relatives and friends because they "work hard…lead and motivate other employees to improve their progress" (p. 228).

The results in the aforementioned studies support the proposition that favoritism influences employee attitudes. However, sampling in each of the studies occurred in countries in

and around the Middle East, and results from the studies were mixed. Therefore, further examination of direct effects of favoritism on employee attitudes and behaviors is warranted.

Because favoritism has a fairness component, it makes sense that organizational justice could play a mediating role in favoritism-employee attitudes and behavior relationships. Salimäki and Jämsén (2009) were the first to recognize justice as an important factor in favoritism research. In their study, organizational justice was tested as a moderator of the relationship between politics in pay decisions (i.e., favoritism and compression in performance appraisal) and employee perceptions of pay system effectiveness. Using a sample of 367, hierarchical regression analyses found perceptions of favoritism in performance appraisal to have a negative effect, and distributive justice to have a positive effect, on pay system effectiveness. After adding the interaction term (i.e., politics in pay decisions*distributive justice) to the model, results indicated that pay system effectiveness was lowest when employees reported a high level of politics and low level of distributive justice.

In a more recent study, Polat and Kazak (2014) examined the effects of principals' favoritism attitudes and behavior on teachers' overall justice perceptions as well as their perceptions of justice sub-dimensions (i.e., distributive, procedural, and interactional). A questionnaire was administered to primary, elementary, and high school teachers in Düzce province, Turkey. Responses from 194 teachers were used in a correlation analysis that revealed mid-to-high, negative correlations between teachers' perceptions of the school principal's favoritism attitudes and behaviors and the teachers' perceptions of organizational justice and its sub-dimensions. In addition, simple regression analyses found principals' favoritism attitudes and behavior to be a good predictor of overall justice and all justice sub-dimensions. The studies

of both Polat and Kazak (2014) and Salimäki and Jämsén (2009) provide support for organizational justice's influence on employee attitudes and behavior.

The reviewed studies establish a link between favoritism and employee attitudes and behavior, and suggest that organizational justice may play a mediating role in those relationships. However, to date no studies have examined potential moderating variables of the favoritism-justice relationship. Furthermore, a conceptual framework incorporating various findings from favoritism studies has yet to be developed. Therefore, additional investigation is necessary for gaining a better understanding of direct and indirect effects of favoritism on employee attitudes, intentions, and behavior.

2.5 Hypotheses Development

The central purpose of this study is to examine how employees' "sense" of favoritism at work affects their attitudes and behavior. This section outlines the proposed model and hypotheses development.

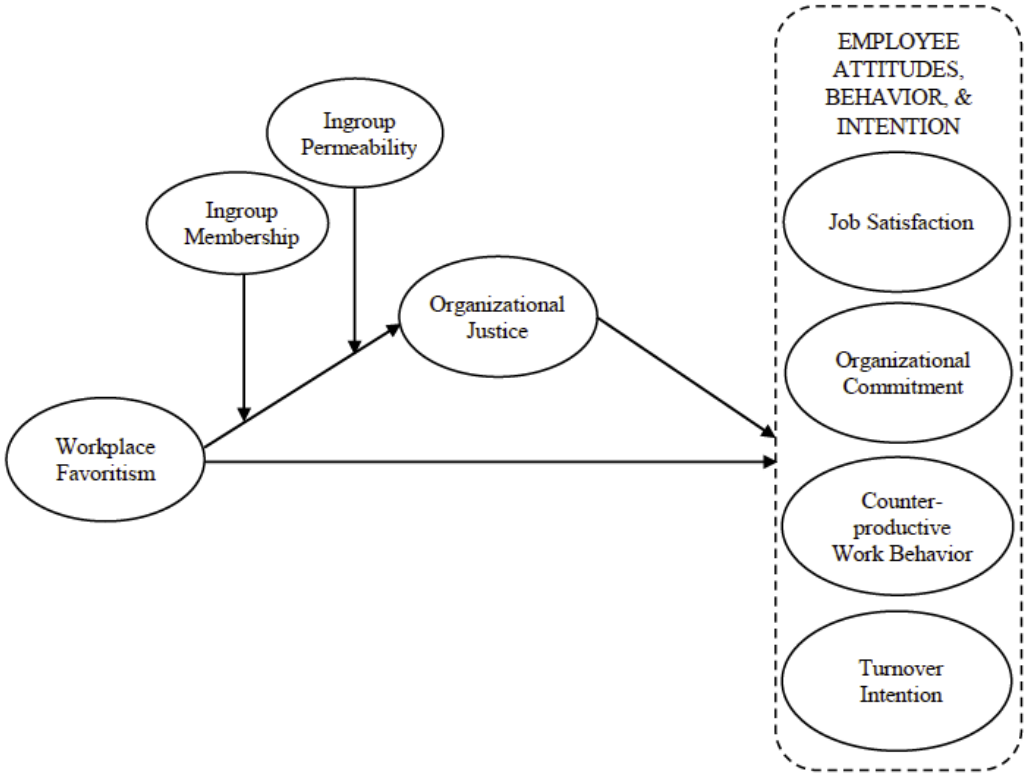
2.5.1 Overview of the Proposed Model

As seen in Figure 2.1, the proposed model examines relationships between favoritism and work-related attitudes (job satisfaction and organizational commitment), behaviors (organizational citizenship and counterproductive), and intentions (turnover). As favoritism is grounded in the notion of fairness, the model positions organizational justice as a central mechanism for mediation. In turn, the link between favoritism and organizational justice is viewed as conditional. Thus, the model includes two moderator variables, ingroup membership and ingroup permeability, which are apt to influence the link between favoritism and the mediator.

According to Lind's (March, 1992) fairness heuristics theory, the way in which people

are treated affects their attitudes, beliefs, and behaviors (Cropanzano & Folger, 1989, 1991; Steiner & Gilliland, 1996; Sweeney & McFarlin, 1993). For example, when an employee perceives that his or her supervisor engages in preferential treatment towards undeserving employees that negatively impacts himself, this behavior affects employee attitudes, and subsequently their behavior.

Figure 2.1: Impact of favoritism on employee attitudes, intentions, and behavior.



2.5.2 Favoritism and Employee Attitudes, Intentions, and Behavior

The primary reason to believe that favoritism is related to employee attitudes and behaviors is its link to (un)fairness. As noted previously, favoritism is considered to be the act of *unfairly* favoring one individual or group over another, more deserving individual or group. Therefore, employees who believe that their supervisor engages in favoritism behavior may also view that behavior as unfair. This section is dedicated to the explanation of direct relationships

between favoritism and employee attitudes and behaviors: job satisfaction, organizational commitment, CWB, and turnover intention.

Job satisfaction is defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience" (Locke, 1976: 1304). Because employees have a general expectation to be treated fairly by their boss, those who find themselves in an unfair work environment may experience lower levels of job satisfaction. In addition, employees who perceive members of the supervisor's ingroup as "favorites," yet do not consider themselves members of the ingroup, may believe that they are at a disadvantage and may experience lower job satisfaction.

A number of studies have found support for a positive relationship between LMX and job satisfaction (e.g., Epitropaki & Martin, 1999; Gerstner & Day, 1997; Masterson, Lewis, Goldman, & Taylor, 2000; Pillai, Scandura, & Williams, 1999). For instance, a follower who has a high-quality relationship with their supervisor is likely to experience high job satisfaction whereas a follower with a low-quality relationship with their leader likely experiences low job satisfaction. Salimäki and Jämsén (2009), however, state that few research studies have tested how unfair practices similar to favoritism (i.e., organizational politics) relate to individual outcomes like job satisfaction. Khatri and Tsang (2003) were the first to posit such relationships. The authors proposed that members of an ingroup experience greater job satisfaction than non-ingroup members because ingroup members will experience (1) greater opportunities for rewards, (2) shorter periods between promotions (Cheng, 1999), (3) higher number of challenging and interesting assignments, and (4) lesser amounts of role-related stress (Lagace, Castleberry, & Ridnour, 1993). They also argued that members of the outgroup experience lower job satisfaction due to the injustices they feel when receiving fewer rewards than employees with

fewer capabilities but happen to be members of the ingroup. By and large, these theoretical relationships remain untested. Work by Arasli and Tumer (2008) represents an exception as they were the first to test the favoritism-job satisfaction proposition using a sample of bank employees in Northern Cyprus. Incorporating elements of nepotism, cronyism, and general favoritism, Arasli and Tumer observed significant, direct, negative effects on job satisfaction, though all three favoritism types together accounted for a relatively small proportion of variance in satisfaction scores. In another study, Büte (2011) examined the effects of preferential treatment (i.e., nepotism and favoritism) on human resources practices, organizational commitment, job satisfaction, and turnover intention. Again, results indicated that both nepotism and favoritism had significant, negative effects on job satisfaction. Finally, Nadeem et al. (2015) found a positive relationship between favoritism and job satisfaction, which is contradictory to finding from other studies.

Because favoritism involves (un)fair treatment, it is sensible to examine studies regarding the effects of fairness on job satisfaction. Upon investigation, a plethora of empirical studies have examined such a relationship (e.g., Bettencourt & Brown, 1997; Witt & Nye, 1992). For example, Bettencourt and Brown (1997) found perceived fairness in the supervisor's procedures for decision making and actual decision making to have strong, positive effects on job satisfaction. In a separate study, Witt and Nye (1992) examined gender differences in the effects of pay and promotion fairness on job satisfaction and found positive correlations for each gender. Finally, Cohen-Charash and Spector's (2001) meta-analysis of the role of justice in organizations revealed all justice types (i.e., distributive, procedural, and interactional) to have similar outcomes of satisfaction, which is contrary to prior research (e.g., Lind & Tyler, 1988; Sweeney & McFarlin, 1993).

Although examinations of the favoritism-satisfaction relationship can be found in the management literature, findings from those studies are mixed. In addition, no research was found that used a research sample beyond the Middle East. Because of these limitations, and based on the theoretical and empirical support discussed in this section, it is hypothesized that favoritism will have a negative effect on employee job satisfaction.

Hypothesis 1: Favoritism is negatively related to employee job satisfaction.

Organizational commitment is the "strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership" (Porter, Steers, Mowday, & Boulian, 1974: 604), and can be categorized into three types: (1) *continuance commitment* is an employee's attachment to an organization based on the costliness of leaving the organization; (2) *normative commitment* occurs when an employee believes that they owe it to their organization to continue working there; and (3) *affective commitment* is experienced when employees identify with and are emotionally attached to their organization (Colquitt et al., 2013; Masterson, Lewis, Goldman, & Taylor, 2000; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Mowday, Porter, & Steers, 1982; Shore, Tetrick, Lynch, & Barksdale, 2006; Wayne, Shore, Bommer, & Tetrick, 2002). While scholars tend to use organizational commitment as a final outcome, affective commitment is thought to measure social exchange quality (Colquitt et al., 2013; Masterson et al., 200; Mowday, Porter, & Steers, 1982; Shore, Tetrick, Lynch, & Barksdale, 2006; Wayne et al., 2002). Since favoritism is reliant on elements of social exchange, this study focuses on affective commitment as the primary commitment outcome.

Scholars suggest that parties within a social exchange relationship must commit long-term to the establishment and maintenance of these relationships in order to reap the benefits

over time (Blau, 1964; Colquitt et al., 2013). In other words, as employees extend their tenure at an organization, they develop meaningful relationships with fellow employees that benefit not only the persons involved in a relationship, but the organization as well. One such outcome of a meaningful relationship between supervisor and subordinate is emotional attachment to one another. This personal attachment is confirmation to the subordinate that they are a full member of the supervisor's group (Graen & Uhl-Bien, 1991), which in turn leads to emotional attachment and commitment to the organization for which they work (*affective organizational commitment*; Paré & Tremblay, 2007). Organizational leaders whose relationships with their employees involve shared beliefs, values, and goals; similarity to one another; and mutual trust can affect the strength of which an employee identifies with and enjoys membership in the organization (Avolio, Zhu, Koh, & Bhatia, 2004; Shore & Wayne, 1993).

A match between an individual's values and the values of their employer can influence their organizational commitment because employees are likely to feel more comfortable in an environment where values are shared (Finegan, 2000). For example, an organization that openly values transparency may not only attract applicants who value transparency, but may experience greater commitment from employees due to their shared values. In addition, employees who not only align their values with the organization, but share values with others in the organization, are more likely to commit to the organization than employees who do not share the same or similar values with other employees (Boyacigiller & Adler, 1991; Khatri & Tsang, 2003). Further, some scholars (e.g., Chen & Francesco, 2000) suggest that the commitment employees develop toward their supervisor in turn leads to commitment to the organization. In other words, an employee who shares similar values (e.g., fairness) with her supervisor is more likely to commit to that supervisor, and thus commit to the organization as well. Conversely, if the supervisor is

perceived as being unfair, the employee is less likely to commit to the supervisor, and less likely to commit to the organization.

Where Khatri and Tsang (2003) were the first to posit a relationship between favoritism and affective organizational commitment, Büte (2011) was the first to test the relationship. His study revealed that favoritism had a negative effect on affective organizational commitment. Other studies examining fairness-type constructs have found similar results. Salimäki and Jämsén (2009), for instance, found in their meta-analysis that high levels of employee perceptions of politics and unfairness negatively affect organizational commitment. In addition, several meta-analyses focusing on organizational justice and fairness found low levels of justice perceptions to negatively affect organizational commitment (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Colquitt et al., 2013; Skitka, Winquist, & Hutchinson, 2003; Viswesvaran & Ones, 2002). Taken together the dearth of research examining the favoritism-affective organizational commitment relationship, strong indications that affective organizational commitment can measure the quality of social exchange, and findings from prior empirical research that have shown a negative relationship between fairness-related constructs and organizational commitment, it is hypothesized that favoritism negatively affects affective organizational commitment.

Hypothesis 2: Favoritism is negatively related to affective organizational commitment.

Counterproductive work behaviors are (1) distinct, purposeful acts meant to harm an organization or its stakeholders (Spector et al., 2006); (2) the result of feelings of anger and resentment; and (3) often actioned for vengeful, retributive, or retaliating reasons (Skarlicki & Folger, 1997). Researchers suggest that CWB comprises multiple dimensions. While some studies focus on specific behaviors (e.g., Spector et al., 2006), others (e.g., Bennett & Robinson,

2000; Fox & Spector, 1999; Fox, Spector, & Miles, 2001; Robinson & Bennett 1995) lump these behaviors into two distinguishable types: organization- and person-targeted behaviors. Acts against the organization include theft, absenteeism, and vandalism, while acts against people (i.e., employees, customers, etc.) include harassment and abuse. More recently, scholars have examined five dimensions of CWB: abuse, production deviance, sabotage, and theft (Spector et al., 2006).

Scholars have acknowledged two streams of research on the causes of CWB. The first stream portrays CWB "as an emotion-based response to stressful organizational conditions" (Fox, Spector, & Miles, 2001: 291) while the second stream examines CWB "as a cognition-based response to experienced injustice (Fox et al., 2001, p.292). According to the work-related job stressors/emotion/counterproductive work behavior model (Spector, 1998), work-related events that are believed to threaten one's well-being act as job stressors that bring about adverse emotions. These negative emotions may lead to psychological, physical, physiological, or behavioral outcomes. For instance, when employees believe that their boss engages in favoritism behavior that negatively affects them, they may develop negative emotions such as anger or annoyance over time that cause them to withdraw from work, steal from the organization, gossip about others, or conduct other forms of CWB.

Although empirical studies examining the effects of favoritism on CWB were not found in the literature review, scholars have demonstrated an association between CWB and unfairness in the workplace (e.g., Fox & Spector, 1999). In fact, research evidence suggests that unfairness and injustice are strong predictors of CWB (Colquitt et al., 2001, 2013; Hershcovis et al., 2007; Yang, Johnson, Zhang, Spector, & Xu, 2012). Skarlicki and Folger (1997) found disgruntled employees engage in aggressive behavior in retaliation for unfair work conditions or

circumstances. In addition, Colquitt et al.'s (2001) meta-analysis found fairness (particularly fairness in the distribution of rewards and interactions between leaders and followers) to affect withdrawal behavior and negative employee reactions. Taken together, the examples provided plus the theory behind the job stressors/emotion/counterproductive work behavior model (Spector, 1998) support the view that favoritism (an example of unfairness) can affect CWB.

Hypothesis 3: Favoritism is positively related to counterproductive work behavior.

Turnover studies are quite common in organizational research, and this is likely due to the effects that it has on an organization's bottom line (Hancock, Allen, Bosco, McDaniel, & Pierce, 2013; Jones & Skarlicki, 2003; Mitra, Jenkins, & Gupta, 1992; Park & Shaw, 2013). Given the difficulty in obtaining actual turnover data, however, scholars have used the turnover intention concept as a proxy for turnover behavior. Although a majority of turnover studies revealed that employees are more likely to *consider* leaving the organization than they are to *actually* leave, turnover intention remains an important measure for exploring actual turnover (Hom, Lee, Shaw, & Hausknecht, 2017).

Employees who experience unfair treatment at work may leave their employer in order to seek an organization that will provide more fair treatment (Jones & Skarlicki, 2003). To the extent that employees view favoritism as unfair treatment, one might anticipate a link between favoritism and turnover intention. Upon review of the literature for studies regarding this relationship, one empirical study was found to provide some tentative conclusions. With a surveyed sample of 243 bank employees in Ankara, Turkey, Büte (2011) tested a model of preferential treatment (favoritism/nepotism), job satisfaction, organizational commitment, and human resource practices' effects on turnover intention. Results of a path analysis indicated that the link between preferential treatment and turnover intention was significantly positive.

However, the measurements and analyses employed in this study raise questions about the validity of the results of the study. For instance, some of the survey items that were used to capture the essence of preferential treatment (e.g., *I am always careful when speaking to family or relatives of bank executives*; Büte, 2011: 200) may not capture the nature of the concept. In addition, goodness of fit statistical values from the study were not provided, leaving one wondering if the model truly fits the data. Because of the problems in Büte's (2011) study, as well as the lack of empirical works examining favoritism's effects on turnover intention, more research is warranted to better-understand the favoritism-turnover intention relationship.

Actual and perceived turnover have been shown to share the same predictors, such as low job satisfaction, uncertainty, reduced trust, and unfairness (Hausknect, Sturman, & Roberson, 2011). In addition, this review found preliminary evidence that favoritism can affect turnover intentions. Methodological deficiencies, however, raise questions about the results from prior studies. Therefore, additional tests are warranted. Accordingly, this study predicts that the relationship between favoritism and turnover is positive.

Hypothesis 4: Favoritism is positively related to turnover intention.

2.5.3 The Indirect Effect of Favoritism on Employee Attitudes, Intentions, and Behavior through Organizational Justice

2.5.3.1 Favoritism and Justice

The proposed model suggests that decreases in employee job satisfaction and organizational commitment and increases in turnover intentions and CWBs stemming from favoritism are due largely to the sense of injustice or unfairness that define acts of favoritism. Although nepotism and cronyism reflect different forms of favoritism, notions of unfairness or injustice underline both forms. Therefore, it seems likely that favoritism has a strong relationship

with employee perceptions of justice. While both concepts encompass unfair treatment, favoritism provides a reason as to why supervisors may engage in unjust practices at work. For instance, an employee who receives the lowest merit raise in their division, yet *believes* they were more productive than the employee who received the highest raise, may attribute the unjust behavior to favoritism. In turn, the employee's analysis of the unjust merit distribution will likely affect their work attitudes and behavior. Therefore, organizational justice is likely to pose as a mediator between favoritism and employee attitudes and behavior.

Research on the favoritism-justice relationship, as well as well as organizational justice's mediating role in this relationship, is sparse. There is, however, a large body of research on the relationships between organizational justice and employee attitudes and behavior (Colquitt & Rodell, 2015; Lind, 2001; Tyler & Blader, 2003). This section introduces arguments that position organizational justice as a principal mediator for the influence of favoritism on employee attitudes and behavior.

A search of the management literature for studies relating favoritism and organizational justice revealed only one investigation that examined the relationship between the two constructs. Specifically, Ishaq and Zuilfquar (2014) found wasta (i.e., favoritism) and distributive justice to have a strong, *positive*, statistically significant correlation. Of course, this finding is contrary to what scholars expect. For example, Rousseau, Ho, and Greenberg (2006) argue for a negative influence of favoritism on organizational justice (specifically procedural justice). The authors provide an example of a personal incident where the promotion of a faculty member was seen as an act of favoritism. In this situation, rather than follow a promotion process that was both public and consistent with prior hiring decisions, the administrator did not post the job opening, but instead hired the subordinate of the employee who left the organization. Although

based on legitimate, job-related criteria, information about the promotion was not shared with the rest of the department, which encouraged speculation among employees that the administrator favored the promoted employee and gave rise to employee perceptions of injustice.

This section continues with descriptions of each organizational justice dimension and is followed by hypotheses development. Although hypotheses will be formulated in terms of general or overall justice, the mediating role of specific forms of justice (viz., distributive, procedural, and interactional) will be tested.

2.5.3.2 Justice Dimensions

Scholars view the concept of organizational justice as multidimensional (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Port, & Ng, 2001; Gilliland, 2008). The first dimension, *distributive justice*, is grounded in Adams' (1965) equity theory, which argues that individuals are more concerned with the fairness of outcomes rather than the outcomes themselves. In his work, Adams suggested that an individual determines outcomes fairness by first calculating the ratio of his/her "inputs" (i.e., contributions) to outcome(s), and second, by comparing his/her ratio of inputs/outcome(s) with the ratio of inputs/outcome(s) of a similar individual.

The second dimension of organizational justice is *procedural justice*. Over the years, scholars have developed three theoretical views of procedural justice. First, Thibaut and Walker's (1975, 1978) theory of procedure is concerned with following legal procedures and how third-party decisions were made (Ambrose & Arnaud, 2005). Next, Leventhal's (1976, 1980) justice judgment theory posits that individuals make procedural justice judgments based on the decision-maker's levels of consistency, accuracy, bias suppression, representativeness, rectifiability, and ethicality (Ambrose & Arnaud, 2005). Finally, Lind and Tyler's (1988) group-

value model (otherwise known as the relational model) focuses on distributive and procedural justice as two separate constructs, where distributive justice addresses one's concerns about the fairness of outcomes and procedural justice addresses the way in which decisions are made (Ambrose & Arnaud, 2005; Tyler & Lind, 1992). Because procedural justice is concerned with how the organization (including one's supervisor) allocates resources, studies commonly observe a relationship between this type of justice and employee attitudes and behavior towards the organization and supervisor. For example, Cohen-Charash and Spector's (2001) meta-analysis found procedural justice to have statistically significant mean correlations with variables such as work performance, organizational citizenship behavior, job satisfaction, affective organizational commitment, turnover intention, and trust. In addition, scholars have found this type of justice to be a good predictor of turnover (Siers, 2007), as supervisors who do not follow procedure tend to be viewed as less trustworthy. Furthermore, employees who do not remain "in the loop" with respect to how decisions are made are inclined to feel less valued within the organization (Bal et al., 2011).

While there is a formal, structural component of procedural justice (i.e., fairness in the procedures taken to allocate resources), there is also a social component. As Bal and colleagues (2011) describe, procedural justice includes fairness in supervisor-subordinate interactions (or lack thereof) during the decision process. Because of the inclusion of a social aspect, academics have contemplated for more than a quarter century as to whether procedural justice has its own set of dimensions (e.g., Bies, 1987; Bies & Moag, 1986). Scholars who support a dimensionality of procedural justice (e.g., Bies, 2001; Greenberg, 1993; Lind & Tyler, 1988) agree that the formal, structural aspects of process should be examined separately from the interpersonal aspects. This is because each dimension (1) loads onto separate factors, (2) has the ability to

interact with the other's effects on work outcomes, and (3) is able to provide its own, unique contributions to explaining main effects (Cropanzano, Byrne, Bobocel, & Rupp, 2001). As a result, a third dimension of organizational justice that explains the social aspects of process was distinguished and termed *interactional justice*.

As stated above, *interactional justice* is concerned with the social behavior of leaders (e.g., individuals responsible for making compensation-based decisions) towards their followers during the decision-making process (Cohen-Charash & Spector, 2001). Greenberg (1993) highlighted that interactional justice is distinguishable from distributive and procedural justices because the former is a social form of justice whereas the latter are more formal and structural in nature. In addition, Greenberg (1993) believed that interactional justice had its own set of dimensions that could each provide more meaning in main effects. *Informational justice*, he argues, "provide[s] knowledge about procedures that demonstrate regard for people's concerns" (p. 84), whereas *interpersonal justice* involves "showing concern for individuals regarding the distributive outcome they perceive" (p. 85). Managers who provide information of high quality and accurateness are said to display high levels of informational justice, while managers who display high levels of interpersonal justice are those who treat employees with dignity and respect (Baron, 1993; Bies & Moag, 1986).

2.5.3.3 Job Satisfaction

People want as much control as possible over the decision process, especially when they have no control over the actual decision (Thibaut & Walker, 1978). Greater control leads to increased satisfaction with both the process and outcome, as an employee who receives a low appraisal rating, for example, may be satisfied with the outcome knowing they were treated fairly (e.g., they do not perceive the supervisor favoring others) during the process (Taylor et al.,

1995). Likewise, supervisors who frequently interact with their subordinates are more likely to share information regarding the processes they follow for decision-making as well as their reasoning behind their final decision, thus leading employees to experience higher levels of satisfaction.

Meta-analytic results of the justice-satisfaction relationship reveal that distributive justice accounts for more unique variance in outcome satisfaction than other dimensions of justice, while procedural justice provides limited explanatory power, and interpersonal and informational justices offer little or no explanatory power (Colquitt et al., 2001). Additional work by Arnold and Spell (2006) found both procedural and distributive justice to be significant predictors of employee satisfaction with the distribution of benefits, though procedural justice exhibited greater predictive power. Additional studies that examined the justice-satisfaction relationship found interactional justice to be more strongly related to employee satisfaction with their supervisor and their job performance (Cropanzano & Prehar, 2001). In contrast, Cohen-Charash and Spector (2001) found each of the different justice types to have similar results in their ability to explain job satisfaction.

Favoritism has been described in this section as a means through which employees develop perceptions of organizational injustice. For instance, high levels of favoritism lead to low levels of organizational justice. In turn, unjust behavior has been shown to link negatively to job satisfaction. Taken together, this leads one to believe that organizational justice mediates the relationship between favoritism and overall job satisfaction.

> *Hypothesis 5: Organizational justice (a) is positively associated with job satisfaction and (b) mediates the relationship between favoritism and job satisfaction.*

2.5.3.4 Affective Organizational Commitment

A majority of studies examining the justice-commitment relationship have found strong support for procedural and distributive justices' links to organizational commitment, but there are a few that have also found support for an interactional justice-organizational commitment link. A study by Wayne, Shore, Bommer, and Tetrick (2002) that examined employee-supervisor dyads found procedural and distributive justice to relate to affective organizational commitment while utilizing perceived organizational support as a mediator. Another example of a study examining the justice-commitment relationship is found in an article by Cohen-Charash and Spector (2001). Here, the researchers found distributive, procedural, and interactional justice to have statistically significant, positive relationships with affective commitment, although procedural justice had a much stronger relationship than distributive or interactional justice. In a final example, Colquitt et al.'s (2013) meta-analytic study found all four justice types explain unique variance in organizational commitment.

With prior evidentiary support of a link between both structural (i.e., distributive and procedural) and social (i.e., interpersonal and informational) forms of justice and organizational commitment, it is anticipated that a similar pattern for mediation will be found in the current study. Yet, while prior evidence for a link between the social forms of justice and commitment is weak or inconsistent, an examination of these justice types as they relate to overall organizational justice and affective organizational commitment should not be ignored. Therefore, given the aforementioned link between favoritism and organizational justice, it is anticipated that organizational justice will mediate the link between favoritism and affective organizational commitment.

Hypothesis 6: Organizational justice (a) is positively associated with organizational commitment and (b) mediates the relationship between favoritism and affective organizational commitment.

2.5.3.5 Counterproductive Work Behavior

Contrary to how perceived justice can result in high employee satisfaction and organizational commitment, perceived *in*justice can increase negative attitudes and behavior. According to Adams (1965), employees who receive an unfairly low distribution of resources tend to see themselves at a disadvantage compared to those who receive higher rewards. The lack of fairness in these circumstances can be vexing and may lead them to conduct bad behavior in order to balance the unjust distribution they received (Flaherty & Moss, 2007).

Scholars have found behaviors like theft and withdrawal to be a negative consequence of injustice (Greenberg & Scott, 1996). Other studies have found employees to retaliate through vandalism when they experience unfair treatment by authority figures (DeMore, Fisher, & Baron, 1988). In Skarlicki and Folger's (1997) examination of the causes of retaliatory behavior, the authors found retaliatory behavior to occur when two of the three major justice types (i.e., distributive, procedural, and interactional) were not perceived by employees to have occurred in decision-making. In a study by Le Roy, Bastounis, and Minibas-Poussard (2012) that focused on interactional justice, results indicated that both interpersonal and informational justice had significant, negative correlations with active CWB (e.g., theft and sabotage), but only informational justice had a significantly negative correlation with passive CWB (e.g., incivility).

Taken together, prior discussion regarding the impact of favoritism on organizational justice and the influence of justice on counterproductive work behavior suggest organizational justice may play a mediating role in the favoritism-CWB relationship.

Hypothesis 7: Organizational justice (a) is negatively associated with counterproductive work behavior and (b) mediates the relationship between favoritism and counterproductive work behavior.

2.5.3.6 Turnover Intention

As previously stated, injustice suffered by an employee can result in negative attitudes like turnover intention (Aryee et al., 2002; Siers, 2007). A plethora of studies have looked into the relationship between organizational justice and turnover intention (e.g., Ambrose & Schminke, 2009; Bies & Shapiro, 1987; Hendrix, Robbins, Miller, & Summers, 1998). Results of these studies indicate that each of the various types of organizational justice, as well as overall justice, predicts turnover intention. Many studies, like that of Alexander and Ruderman (1987), have examined independent relationships between each justice type (i.e., distributive, procedural, and interaction) and turnover intention. In this early study, both procedural and distributive fairness were found to predict turnover intention. In a more recent study conducted in Norther Cyprus, Nadiri and Tanova (2010) found all three justice types had statistically significant, negative correlations with turnover intention. In another study, Hausknecht, Sturman, and Roberson (2011) conducted a longitudinal study to examine organizational justice perceptions and turnover intention. Results indicated that perceptions of procedural, distributive, interpersonal, and informational justice were able to predict one's intention to quit at the end of the study. Finally, although few studies have looked at the link between overall justice and turnover intention, results of these studies are consistent with those of other justice-turnover intention studies in their prediction of a negative relationship between the two constructs. Ambrose and Schminke (2009), for example, were one of the first scholars to develop and test an overall justice measure. Their model indicated that overall justice acts as a mediator between individual justice types (e.g., distributive, procedural, and interactional) and employee attitudes

and behavior, including turnover intention.

Based on the link between favoritism and organizational justice discussed earlier, one can expect organizational justice to act as a mediator between the favoritism-turnover intention relationship.

> *Hypothesis 8: Organizational justice (a) is negatively associated with turnover intention and (b) mediates the relationship between favoritism and turnover intention.*

2.5.4 The Moderating Roles of Ingroup Membership and Ingroup Permeability

Two boundary conditions may influence the strength of favoritism's relationships with organizational justice. As previously discussed, scholars have found ingroup membership to play a significant role in one's behavior towards other ingroup members as well as outgroup members (Tajfel, 1970; 1978). Furthermore, there is strong consensus amongst management scholars that individuals who see themselves as a member of a group are likely to make decisions that benefit themselves and other ingroup members over outgroup members (Balliet, Wu, & DeDreu, 2014). As a result, ingroup membership is examined as the first moderator. An additional moderator examined in this study is ingroup permeability. As noted by Armenta and colleagues (2017), individuals may choose to change groups at any time, thus highlighting the flexibility of group memberships. Scholars have suggested that an individual may desire to change membership from the ingroup to an outgroup if the individual (1) views himself as being in an unfavorable position within the ingroup, or (2) views the ingroup as being in an unfavorable position in comparison to other groups. In addition, a person who considers an outgroup permeable is likely to share similarities with members of that group (Armenta et al., 2017; Tajfel, 1972).

2.5.4.1 Ingroup Membership

As discussed earlier, ingroup membership is the anticipated outcome of a growing

relationship. In supervisor-subordinate relationships, employees "who have a high quality LMX relationship with their supervisor" are considered members of their supervisor's *ingroup*, while employees "who have low quality LMX relationship with their supervisor" are regarded as members of the supervisor's *outgroup* (Davis & Gardner, 2004: 445).

Scholars suggest that ingroup/outgroup membership is a consequence of the differing interactions that supervisors have with their subordinates (Dulebohn et al., 2012). This lack of consistency in supervisor-subordinate interactions explains the subordinate's perception that the supervisor's actions are unfair. Elements of fairness like the adherence to and congruence of norms and values are, in these circumstances, often given up for self-interests (i.e., expected reciprocated behavior). The present study argues that ingoup/outgroup membership functions as a powerful instrument that inhibits the effect of favoritism on organizational justice.

The proposed model suggests that favoritism is more negatively related to organizational justice for employees who are members of the supervisor's outgroup. In other words, outgroup members, compared to ingroup members, are more likely to experience a sense of injustice after witnessing their supervisor engage in preferential treatment towards subordinates. LMX theory posits that high-quality relationships come with more supervisor-subordinate interactions and higher rates of communication (Dulebohn et al., 2012). Increased supervisor-subordinate communication may help employees understand events surrounding an important decision, such as the procedures that were followed in a decision-making process and the input/output ratios of subordinates. In addition, supervisors are more inclined to disclose information in a clear and accurate way (i.e., perceived transparency) to subordinates who are members of his ingroup (Schnackenberg & Tomlinson, 2014). Unfortunately, supervisors may not be as forthcoming, nor be as clear and accurate, with information in their communications with outgroup members

(Schnackenberg & Tomlinson, 2014). Rather, the low-quality relationship that an outgroup member has with their supervisor may entice the supervisor to keep important information to themselves and their ingroup members. As a result, outgroup members may become suspect of the supervisor's motives and behavior. They may also experience negative feelings such as frustration and hopelessness towards the supervisor as a result of a violations of psychological contracts (e.g., persistent unfair treatment; Dean, Brandes, & Dharwadkar, 1998). Because of these negative feelings and experiences, it is expected that outgroup members, in comparison with ingroup members, are more likely to perceive unjust practices when those practices are consequential of favoritism behavior.

> *Hypothesis 9: Ingroup membership moderates the negative relationship between favoritism and organizational justice such that the relationship is weaker for ingroup members and stronger for outgroup members.*

2.5.4.2 Ingroup Permeability

Permeability of group boundaries refers to "the perceived objective or subjective possibility of changing group membership, and/or of changing hierarchical status" (Armenta et al., 2017: 420). In line with SIT, there are times when an individual may challenge the status quo by attempting to advance from one social group to another (Hersby, Ryan, & Jetten, 2009). For example, a person who finds herself in a low-status group may try to advance to a higher-status group. In order to do so, however, she may need to gain or display characteristics that are similar to those in the higher-status group so that she appears like she is worthy of group membership.

Social identity theory outlines two factors will affect one's willingness and attempt to permeate a group (Hersby et al., 2009). First, if the individual perceives that the boundaries between the lower- and higher-status groups are permeable, he will likely consider individual mobility into the new group. An example of a group with high permeability might be a protestant

religious organization, as many of these organizations are welcoming to outsiders. On the other hand, an example of a group with low permeability may be that of a social fraternity or sorority. When "rushing" a fraternity or sorority, young men and women go through a recruitment process to gain membership into a social group of their liking. Each fraternity and sorority tends to be very selective, so individuals of similar looks, personalities, etc. to those of current members are often chosen as new members. Any member who wishes to "deactivate" from the group *may* be able to do so, but the opportunity to join a different social fraternity or sorority is unlikely.

Second, if the individual perceives that status relations between groups is stable and secure (i.e., not permeable), then a more communal method of group attainment (i.e., outgroup members working together as a whole) is likely to be used (Hersby et al., 2009; Armenta et al., 2017). As one might imagine, high levels of group identity are associated with low levels of perceived permeability (Ellemers, Van Knippenberg, De Vries, & Wilke, 1988; Ellemers, Van Knippenberg, & Wilke, 1990; Armenta et al., 2017). In other words, a group with a strong identity is comprised of members whose similarities to one another, as well as dissimilarities to outgroup members, are quite prominent.

Group permeability embodies the strength of an employee's identification with a group and their perceived ability to advance into a group of higher status (Tajfel & Turner, 1979; Ellemers et al., 1988; Armenta et al., 2017). The present study argues that group permeability alters an employee's interpretation of favoritism's influence on unjust practices at work because it signals an opportunity to gain more favorable treatment that is awarded to ingroup members only. On the one hand, if the supervisor's ingroup is highly permeable, then all outgroup members are able to join the ingroup, at some point in time, and access the favorable treatment that is afforded to ingroup members. This is likely to temper the sense of injustice or unfairness

that characterizes instances of favoritism. On the other hand, if the supervisor's ingroup is impermeable, then favorable treatment is granted to ingroup members but denied to everyone else – whether deserved or not. Therefore, impermeability is likely to intensify the sense of injustice or unfairness that accompanies acts of favoritism.

In sum, when employees view the supervisor's group as impermeable, the negative relationship between favoritism and organizational justice is likely to hold. However, if the ingroup is viewed as permeable, then the negative relationship between favoritism and organizational justice is likely to weaken.

> *Hypothesis 10: Ingroup permeability moderates the negative relationship between favoritism and organizational justice such that the relationship is stronger for employees who perceive the supervisor's ingroup to have low permeability and weaker for employees who perceive the supervisor's ingroup to be highly permeable.*

CHAPTER 3

SCALE DEVELOPMENT AND VALIDATION

Before addressing the research hypotheses proposed in Chapter 2, development and validation of a new favoritism scale was conducted. The purpose of chapter 3 is to explain the process followed in the development and confirmation of an improved favoritism measure.

3.1 Overview of Scale Development Procedure

Following Hinkin's (1998) suggested approach to scale development and procedures used by Akremi and colleagues (Akremi, Gond, Swaen, Roeck, & Igalens, 2018), the steps taken to development and confirmation of a new measure that assesses cronyism and nepotism were conducted in 4 phases:

Phase 1: Item Generation, Reduction, and Refinement

Phase 2: Psychometric Properties of the Favoritism Scale

Phase 3: Favoritism Scale Validation

Phase 4: Replication of Scale Development

3.2 Phase 1: Item Generation, Reduction, and Refinement

The first step of scale development entails generating a list of measurement items for the favoritism scale. The second step tests the scale's content validity using a sorting method. Item reduction through exploratory factor analysis (EFA) occurs in the third step and is followed by item refinement.

3.2.1 Item Generation

Both inductive and deductive approaches were used to develop the initial list of items in the favoritism scale (Hinkin, 1998). A comprehensive review of the relevant literature and

evaluation of existing measures resulted in the extraction of statements from existing questionnaires relating to favoritism, cronyism, and nepotism (Abdalla et al., 1998; Arasli & Tumer, 2008; Salimaki & Jamsen, 2009; Büte, 2011; Turhan, 2014; Elbaz, Haddoud, & Shehawy, 2018; Wated & Sanchez, 2015). The statements were then reviewed by the study's lead researcher for relevance. Those deemed appropriate were kept while others, whether due to inconsistency with the underlying theory or improper structure (e.g., double-barreled questions), were not included. The final list consisted of 22 statements: 10 directionally-worded and 4 neutrally-worded statements that had been empirically validated in previous studies along with 4 directionally-worded and 4 neutrally-worded statements that were taken from the same studies but incurred modifications.

3.2.1.1 Method and Results

Sorting technique was conducted by 3 management faculty members and 3 management Ph.D. students at a university in the United States. The purpose of the Q-sort was to determine whether researchers familiar with LMX and SIT theories presume favoritism to be a first-order factor, independent of cronyism and nepotism, or a higher-order factor that is indirectly observed through cronyism and nepotism. Utilizing Qualtrics software, participants were asked to read the definitions of favoritism, nepotism, and cronyism. The list of 22 statements were given to participants at random, and participants were asked to place each statement into 1 of the 3 categories. A fourth category titled 'Other' was provided for responses believed not to fit the 3 categories dimensional. Participants were asked at the conclusion of the survey to choose from which statement favoritism is best represented based on their understanding of favoritism, nepotism, and cronyism concepts. The response options were: (1) Each of the three constructs (favoritism, nepotism, and cronyism) are independent of one another; (2) Favoritism, nepotism,

and cronyism all explain the same phenomenon: there is no difference between them; (3) Nepotism and cronyism are dimensions of favoritism; and (4) Other.

The 6 Q-sort participants, in perfect agreement, indicated that the neutrally-worded statements did not belong in any of the 3 categories (i.e., favoritism, nepotism, and cronyism). Two statements that included the word "friend" had perfect agreement as belonging in the *cronyism* category. A single item that included the words "family members" had perfect agreement as belonging in the nepotism category, and one of the statements developed for the study, "My supervisor provides better treatment to employees who are a better "personality fit" with him/her," showed perfect agreement to the favoritism category. All statements that included the words "personal connection" showed split agreement between the favoritism and cronyism categories. One hundred percent of the responses to the final question chose the third option, that elements of favoritism are indirectly captured through direct observations of nepotism and cronyism.

3.2.1.2 Discussion

The purpose of this stage of Phase 1 was to compile a list of survey items that (1) have been validated through empirical study and (2) were deemed useful for this study, as well as gauge the fit of those items within the dimensions of favoritism, cronyism, and nepotism. Eleven items were deemed usable for further evaluation. Key results of the study suggest that favoritism may act as a second-order latent factor where it is observed indirectly through nepotism and cronyism rather than a first-order latent factor. Mixed results of some statements in the Q-sort (specifically those that were divided between the favoritism and cronyism categories) suggest at least one more favoritism dimension should be considered.

3.2.2 Item Adjustment and Content Validation

3.2.2.1 Item Adjustment

Based on findings from the item generation process, it was determined that several statements should be removed from further study and additional statements needed to be added. Nine of the directionally-worded statements were retained while the six neutrally-worded items were removed from further investigation. Additional statements were developed in an effort to improve the ability to capture the essence of favoritism dimensions.

First, 6 new directionally-worded statements were developed from the favoritism literature (Arasli & Tumer, 2008; Salimaki & Jamsen, 2009; Karakose, 2014; Turhan, 2014). Two modified statements from Salimaki and Jamsen's (2009) study, including "My supervisor makes important decisions based on his/her personal liking or disliking of employees," and two modified statements from Turhan's (2014) study, including "An employee must have a personal connection with the supervisor in order to receive rewards or praise," were added to the favoritism survey. Two additional items were developed based on findings from Karakose's (2014) qualitative study, which gathered information regarding doctors' opinions of (1) what favoritism refers to, (2) how favoritism is implemented in hospitals, (3) how favoritism affects doctors, and (4) how favoritism can be prevented in hospitals. Key favoritism-related attributes voiced by the participants in Karakose's study included sharing the same political and ideological views and prioritizing friendship relationships. Because three questions pertaining to friendship and acquaintances were retained from the Q-sort in Phase 1, the statements developed from Karakose's study focused on similarity. These items were "My supervisor favors employees who share the same political views as him/her" and "My supervisor favors employees who share the same ideology as him/her."

Table 3.1: Initial Favoritism Scale Items

No.	Items
1.	My supervisor is more tolerant of employees with whom (s)he has a closer personal connection.
2.	When resolving conflicts, my supervisor protects employees with whom (s)he has a closer personal connection.
3.	When making decisions, my supervisor takes into consideration only the wants and needs of employees with whom (s)he has a personal connection.
4.	My supervisor ignores the faults of employees with whom (s)he has a personal connection.
5.	An employee must have a personal connection with the supervisor in order to receive rewards or praise.
6.	My supervisor makes important decisions based on the extent to which (s)he perceives employees as sharing the same basic values as him/her.
7.	My supervisor is more likely to hire a person into my division for irrelevant qualities (i.e., looks, personality, etc.) than actual job capabilities.
8.	My supervisor makes important decisions based on his/her personal liking or disliking of employees.
9.	Staff who perform poorly, but have a close personal connection with my supervisor, are given preferential treatment over others who are better performers, but lack a close connection with my supervisor.
10.	Employees in my division must be a friend of the supervisor/manager in order to get a promotion.
11.	An employee must have "friends in high places" in order to move up in the company.
12.	The views of employees who have a close relationship with the manager are prioritized when (s)he makes decisions.
13.	You have to "know" somebody in a management position in order to move up in the company.
14.	My supervisor favors employees who share the same political views as him/her.
15.	My supervisor favors employees who share the same ideology as him/her.
16.	My supervisor favors employees who show loyalty to him/her.
17.	My supervisor favors employees who "kiss up" to (i.e., work hard to please) him/her.
18.	My supervisor favors employees whom (s)he thinks are physically attractive.
19.	My supervisor favors employees whom (s)he thinks are devoted to him/her.
20.	My supervisor favors employees whom (s)he thinks are trustworthy.
21.	My supervisor favors employees who have similar backgrounds as him/her.
22.	My supervisor favors employees who are a better personality "fit" with him/her.
23.	My supervisor favors employees who (s)he deems likeable.
24.	My supervisor favors employees who are known to have connections with important or well-known people, both within and outside the company.
25.	My organization seeks to hire family members of current employees.
26.	My supervisor does not properly reprimand employees who are related to upper-administrators (including himself/herself).
27.	Employees who are related to a supervisor/manager are given special treatment.
28.	Employees who are related to a supervisor/manager are protected from firing.

Two methods were used to generate additional statements for the survey. The first method involved brainstorming sessions with dissertation committee members (N = 2) and the second method entailed recruiting acquaintances known to be employed full-time via electronic correspondence (N = 16). Sixteen individuals were sent a text message with a request to provide a list of reasons why they believe a supervisor might favor one employee over another. Four individuals from various industries, including the education sector and U.S. federal government, responded to the message, resulting in a response rate of 0.25. Two individuals held entry-level positions and two held managerial positions. Common themes that emerged from the correspondence included trustworthiness, possession of valued assets (e.g., network), similarity/commonality between the leader and follower (e.g., core values, background, and group of friends), personality, working characteristics (e.g., respect, work ethic, and competence), physical appearance, flattering the boss, and intelligence. Thirteen statements were thus generated to represent these themes. Combined with the 9 statements retained from the Q-sort and the 6 generated statements from validated measures, the 13 newly-developed statements increase the number of survey items to 28 (Table 3.1).

3.2.2.2 Content Validity Assessment

Upon reviewing the 28 statements, it was determined that the list of items could be categorized into 3 dimensions (Table 3.2). Four items from the list were determined to be representative of the first dimension, *nepotism*, which occurs when an individual is favored due to his or her familial relationships. The second dimension, cronyism, occurs when individuals are favored due to their close, non-familial relationships and was represented by 10 items. The 14 remaining items appeared to represent attributes that an individual may find aggregable or pleasant in another person, such as personality, physical appearance, and shared ideologies. The

theory that workplace favoritism behavior occurs due to a supervisor's similarity to or compatibility with a subordinate is supported by both similarity-attraction theory (Byrne, 1971) and attraction-selection-attrition theory (ASA; Schneider, Goldstein, & Smith, 1995).

Table 3.2: Definitions of favoritism sub-dimensions

Dimension	Definition
Nepotism	The practice of a person with organizational power to show partiality towards his/her family members, or the family members of other persons with organizational power.
Cronyism	The practice of a person with organizational power to show partiality towards his/her friends and acquaintances.
Congenialism	The practice of a person with organizational power to show partiality towards individuals whom he/she considers agreeable, suitable, or pleasant.

Similarity-attraction theory posits that relationships are formed based on the similarity in individuals' demographics, backgrounds, and attitudes, while ASA theory proposes that "individuals are attracted to, selected by, and stay with organizations that suit their personal characteristics" (Schaubroeck, Ganster, & Jones, 1998: 870). Through the lens of the organization, ASA theory suggests that supervisors are attracted to job candidates, select candidates for hire, and make efforts to retain those hires who suit their personal characteristics. Schneider et al. (1995) noted that the most relevant attributes in ASA theory are personality, attitudes, and values. Schneider (1994) also noted that organizations may be distinguishable by the life history and preferences of their employees. In other words, organizations tend to be comprised of individuals who are similar to, and compatible with, one another. Therefore, it would stand to reason that employees who do not find themselves compatible with, nor obtain similar attitudes, values, personalities, etc. as the majority of those working at the organization, especially individuals with power (e.g., supervisors), will feel neglected and may be more inclined to perceive favoritism behavior given to those who do share similarities and compatibilities with their supervisor. It is thus proposed that there is a third favoritism

dimension, from henceforth termed *congenialism*, that represents the practice of a person with organizational power to show partiality towards individuals whom he/she considers agreeable, suitable, or pleasant.

3.2.2.3 Sample and Procedure

The items were subjected to a review by 3 management faculty members in the United States in order to assess the coverage of the construct domains (Davis, 1986; 1989). Utilizing a Q-sort technique, each faculty member was asked to sort the 28 items into 1 of 3 categories that mirror the proposed favoritism dimensions. An additional category titled 'Other' was provided as an option for items that the participants believed to be unrelated. Prior to sorting the items, the participants were given the definitions of each favoritism dimension.

3.2.2.4 Results and Discussion

The participants showed perfect agreement on 8 of the 10 items representing cronyism, 3 of the 4 nepotism items, and 9 of the 14 items representing congenialism. Five items loaded into their designated categories at 66.7% and 3 items did not receive more than 1 vote for a single category. After reviewing the 3 items further, one (i.e., Item 24) was removed while the two others were deemed worthy of further evaluation. In total, 27 items were retained.

Results of the Q-sort further suggest that favoritism may be categorized into 3 domains: nepotism, cronyism, and congenialism. Therefore, exploratory factor analysis (EFA) was recommended to further evaluate the dimensionality of favoritism. Table 3.3 displays the 27 items retained (i.e., item numbers correspond with items listed in Table 3.1), the studies from which the items came, and the dimensions to which the items belong based on the Q-sort analysis.

Table 3.3: Q-sort Results: Dimensionality of Favoritism Items

Study	Dimensions	# of Items	Initial Favoritism Scale Items
Arasli & Tumer (2008)	Nepotism	1	28
Büte (2011)	Cronyism	3	10, 11, 13
Karakose (2014)	Congenialism	2	14, 15
Salimaki & Jamsen (2009)	Congenialism	2	6, 8
Turhan (2014)	Cronyism	6	1, 2, 4, 5, 12, 16
Generated Items	Cronyism	2	3, 9
	Congenialism	8	7, 17, 18, 19, 20, 21, 22, 23
	Nepotism	3	25, 26, 27

3.2.3 Item Reduction and Refinement

The 27 items retained from the Q-sort analysis were used to conduct a quantitative pilot study meant to refine the favoritism scale as well as explore its reliability and dimensionality.

3.2.3.1 Sample and Procedure

In a preliminary session, undergraduate students at a university in the southern United Stated were asked to participate in the study. An announcement was posted in the web-based learning management system of four undergraduate business courses across seven sections in order to recruit participants. Two courses (i.e., four sections) were required for business majors while the other two courses (i.e., three sections) were electives. The combined population of undergraduate students who were sent the IRB-approved recruitment script that included a link to the research survey, which was developed using Qualtrics software, was 475. The survey was available during a 2-week timeframe and was completed by 245 students (*Response Rate* = 52%).

Listwise deletion was utilized for data cleansing, resulting in the removal of 46 responses from individuals who were not employed, 62 responses that had data missing not-at-random, and

7 that were duplicates (i.e., an occurrence of a participant completing the survey more than once). In instances where a survey was marked as a duplicate, the participant's first attempt was retained. Expectation Maximization (EM) imputation was used for data that were missing at random. The EM procedure generates values for missing data by using all complete data points to calculate expected values, replacing missing values in the dataset with the expected values, and recomputing new expected values (Gold & Bentler, 2000). The process is repeated until expected values from one iteration to the next become inconsequential. Once listwise deletion and EM imputation procedures were completed, 130 responses were deemed usable for the pilot study.

Respondents ranged in age between 18 and 54 years, with the majority (68%) landing in the age range of 18-24 years. Male respondents comprised of 40% of the sample, 41% were employed 40 or more hours per week, and 41% had been employed with their organization for at least one year. Additional research participant demographics can be found in Table 3.4.

Table 3.4: Pilot Study Demographics

Factor		Frequency	Percent
Age	18-24 years	88	67.7%
	25-34 years	29	22.3%
	35-44 years	8	6.2%
	45-54 years	5	3.8%
Gender	Male	52	40%
	Female	78	60%
Ethnicity	White/Caucasian	64	49.2%
	Black/African American	15	11.5%
	American Indian/Alaska Native	1	0.8%
	Asian/Pacific Islander	9	6.9%
	Hispanic/Latino	38	29.2%
	Other	3	2.3%

Factor		Frequency	Percent
Employment Type	Part-time (39 hrs/wk or less)	77	59.2%
	Full-time (40+ hrs/wk)	53	40.8%
Job Tenure	Less than 6 months	49	37.7%
	6-11 months	28	21.5%
	1-2 years	31	23.8%
	3-4 years	16	12.3%
	5+ years	6	4.6%

Notes. n = 130; hrs/wk = hours per week

3.2.3.2 Measures

Included in the survey were the 27 initial favoritism scale items and Colquitt and Rodell's (2015) supervisor-focused version of organizational justice, which measures procedural, distributive, interpersonal, and informational justice. Participants used a 7-point Likert-type scale (1 = *strongly disagree*; 2 = *disagree*; 3 = *somewhat disagree*; 4 = *neither agree nor disagree*; 5 = *somewhat agree*; 6 = *agree*; 7 = *strongly agree*) to indicate their level of agreement with each statement in the survey.

3.2.3.3 Analyses and Results

Correlations of the 27 favoritism items were first observed in order to eliminate any that did not correlate highly with other items. No weak correlations were observed, leaving all items to be further analyzed. Next, EFA using the eigenvalues-greater-than-one rule with Varimax rotation in Version 26 of the Statistical Package for Social Sciences (SPSS) was conducted to determine the factor structure of the items. Five factors were revealed in the first analysis. Items with a communality value of less than 0.6, factor loading of less than 0.6, or cross-loading of 0.4 or more were removed. In addition, items that loaded onto the wrong factor (according to prior analyses) were not retained. Based on these criteria, 17 items were removed. A final EFA

resulted in 3 factors interpretable as nepotism (α = .906; *SD* = 5.091), cronyism (α = .896; *SD* = 5.004), and congenialism (α = .878; *SD* = 5.980). Results of Cronbach's alpha reliability analyses of the 3 constructs ranged from good (α > .8) to excellent (α > .9), according to George and Mallery's (2003) criteria for internal consistency. Factor loadings and communalities are shown in Table 3.5.

Table 3.5: EFA results of favoritism items based on eigenvalues-greater-than-one rule: Varimax rotation

No.	Item	Factor 1	Factor 2	Factor 3	Comm.
16	My supervisor favors employees who show loyalty to him/her.	.833			.721
23	My supervisor favors employees who (s)he deems likeable.	.824			.789
19	My supervisor favors employees who (s)he thinks are devoted to him/her.	.779			.729
22	My supervisor favors employees who are a better personality "fit" with him/her.	.767			.725
27	Employees who are related to a supervisor/manager are given special treatment.		.895		.899
28	Employees who are related to a supervisor/manager are protected from firing.		.885		.874
26	My supervisor does not properly reprimand employees who are related to upper-administrators (including himself/herself).		.827		.816
11	An employee must have "friends in high places" in order to move up in the company.			.907	.898
13	You have to "know" somebody in a management position in order to move up in the company.			.859	.821
10	Employees in my division must be a friend of the supervisor/manager in order to get a promotion.			.756	.777

Note. *n* = 130; Comm = Communalities

The distinctness of the dimensions of favoritism (i.e., cronyism, nepotism, and congenialism) were examined against Colquitt and Rodell's (2015) dimensions of organizational justice, which measure procedural, distributive, interpersonal, and informational justice. The factor analysis indicated 7 factors, with some cross-loadings occurring between procedural, interpersonal, and informational justice items. There were no cross-loadings amongst the

cronyism, nepotism, or congenialism items, thus providing additional confirmation of the 3-factor structure of the favoritism concept.

3.2.3.4 Discussion

The final analyses conducted Phase 1 provide additional support for the psychometric soundness of a multi-dimensional favoritism scale that is both reliable and valid. The results once again suggest that cronyism, nepotism, and congenialism are independent sub-dimensions of favoritism.

3.3 Phase 2: Psychometric Properties of the Favoritism Scale

3.3.1 Confirmatory Factor Analysis

Utilizing the sample of 130 undergraduate students who participated in Phase 1, confirmatory factor analysis (CFA) was conducted using SPSS AMOS 26 in order to test model fit of the 10-item favoritism scale. One-, two-, and three-factor models were tested. Statistics used to verify model fit of the scale (Table 3.6) include relative chi-square (χ^2/df), normed-fit index (NFI), comparative fit index (CFI), and root-mean-square error of approximation (RMSEA).

Table 3.6: CFA results for scale validation of favoritism

Model (n = 130)	χ^2	df	χ^2/df	NFI	GFI	CFI	RMSEA	RMSEA 90% CI
10-item, 1-Factor	129.36***	30	4.312	.865	.846	.891	.160	[.132, .189]
10-item, 2-Factor	100.58***	29	3.468	.895	.863	.921	.138	[.109, .168]
10-item, 3-Factor	40.73*	27	1.509	.957	.941	.985	.063	[.011, .100]

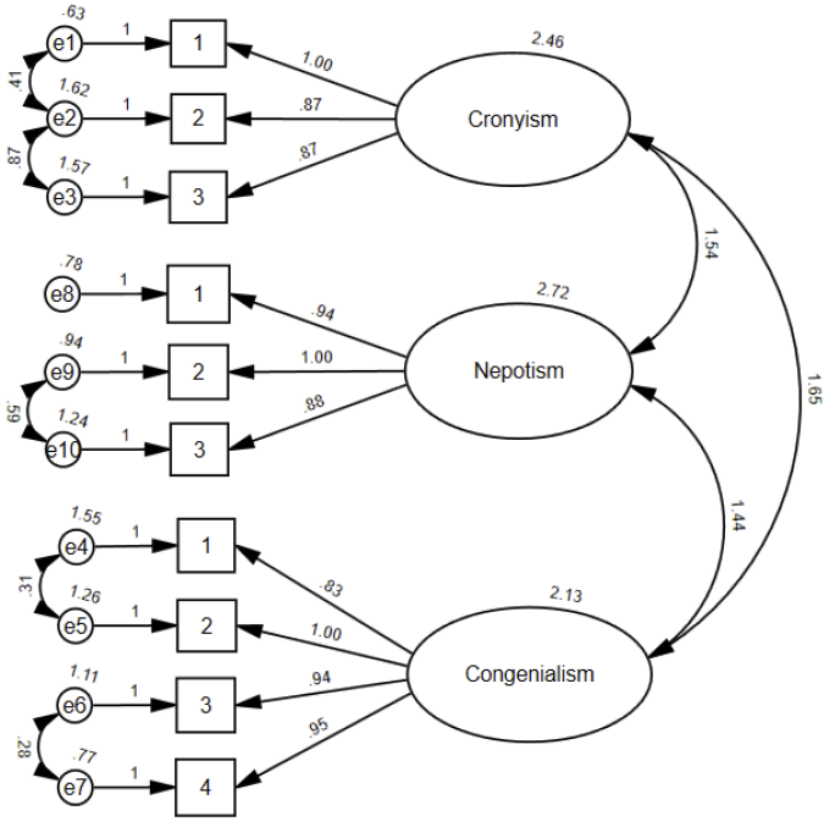
Notes. * $p < .05$; *** $p < .001$; NFI = normed-fit index; GFI = goodness of fit index; CFI = comparative fit index; RMSEA = root-mean-square error of approximation.

In addition, modification indices were checked to determine whether model fit could be improved by adding additional paths. As the modification indices suggested, 4 paths were added

to the model. Each path correlated indicator error terms within constructs, which made sense theoretically and improved each sub-dimension's scale reliability. Paths linking indicator error terms between constructs were not suggested by the modification indices.

According to Schreiber, Stage, King, Nora, and Barlow's (2006) cutoff criteria for acceptance, the 10-item, 3-factor model revealed the best fit. The mean-square value (χ^2/df; χ^2 = 40.73, $p < .05$; df = 27) was 1.509, meeting Hu & Bentler's (1999) cutoff criteria of < 2.0 for great fit. In addition, values for NFI (.957) and CFI (.985) met the widely accepted threshold of ≥ .95, while GFI (.941) fell just below the threshold. The value of RMSEA (.063) met the cut-off criteria of .08 for reasonable model fit (Browne & Cudeck, 1993). In addition, all path coefficients were statistically significant. Taken together, the CFA results for the 3-factor model (Figure 3.1) show good model fit.

Figure 3.1: Phase 2 structural equation modeling results



3.3.2 Discussion

Upon analyzing the factor structure of the 10 favoritism items through CFA, results confirmed that a 3-factor model was most suitable for the data, providing even more support that favoritism is a latent construct consisting of 3 sub-dimensions. While the model showed success, validity of the sub-dimensions needs to be assessed. Therefore, Study 5 examines the convergent and discriminant validities of favoritism's 3 sub-dimensions.

3.4 Phase 3: Favoritism Scale Validation

3.4.1 Convergent Validity

Convergent validities of cronyism, nepotism, and congenialism were assessed by calculating average variance extracted (AVE) and composite reliability (CR) scores (Table 3.7). Average variance extracted scores for cronyism, congenialism, and nepotism were above the acceptable level of 0.5 (Hair, Hult, Ringle, & Sarstedt, 2017; Sarstedt, Ringle, & Hair, 2017). In addition, composite reliability scores for cronyism, nepotism, and congenialism met Hair et al.'s (2017) minimum threshold of 0.6.

Table 3.7: Cronbach's alpha, average variance extracted, and composite reliability

	Cronbach's α	AVE	CR
Cronyism	.896	.625	.657
Nepotism	.906	.724	.767
Congenialism	.878	.615	.864

Note. $n = 130$

3.4.2 Discriminant Validity

Three tests were conducted in order to establish discriminant validity. First, according to Hair and colleagues, discriminant validity is confirmed when maximum shared variance (MSV) and average shared squared variance (ASV) are lower than each construct's AVE (Hair, Black,

Babin, Anderson, & Tatham, 2006). Maximum shared variance is calculated by squaring the highest correlation coefficient between latent constructs, while ASV is calculated by taking the mean of the squared correlation coefficients between latent constructs. The MSV and ASV values for each construct, as seen in Table 3.8, are less than their respective AVE scores, thus establishing discriminant validity.

Table 3.8: Maximum shared variance, average shared squared variance, square root of average variance extracted, and inter-construct correlations of favoritism sub-dimensions

Construct	MSV	ASV	Correlations		
			Cronyism	Nepotism	Congenialism
Cronyism	.521	.438	(0.790)		
Nepotism	.358	.356	0.596	(0.851)	
Congenialism	.521	.439	0.722	0.598	(0.784)

Notes. n = 130; MSV = Maximum shared variance; ASV = Average shared squared variance; Square root of the AVE (AVE_{SqRt}) is on the diagonal.

Discriminant validity was also established by computing the heterotrait-monotrait ratio of correlations (HTMT), which measures similarity between latent variables, and the inter-construct correlations, which measure strength of association between constructs (Henseler, Ringle, and Sarstedt, 2015). Utilizing a threshold of HTMT < 0.85, the cronyism-congenialism (HTMT = .644), cronyism-nepotism (HTMT = .542) and congenialism-nepotism (HTMT = .540) relationships displayed good discriminant validity, as the values fell with the threshold. According to Henseler et al., (2015), inter-construct correlation values of 0.8 or less have very high specificity rates while values of 0.7 or less have even higher specificity rates. As Table 3.8 shows, the inter-construct correlations for cronyism, nepotism, and congenialism fall below the 0.8 threshold. In addition, Henseler and colleagues state that discriminant validity is apparent when the inter-construct correlations the inter-construct correlations have values less than the AVE_{SqRt} values of each construct represented in the correlation, further indicating that discriminant validity amongst the 3 constructs.

3.4.3 Discussion

The analyses conducted in Phase 3 examined convergent and discriminant validities of favoritism's 3 sub-dimensions. Results further proved that the 10-item favoritism scale is comprised of 3 dimensions. However, while factorial structure analyses of the 10-item favoritism scale and reliability and validity tests of favoritism sub-dimensions were successful using of a sample of university undergraduate students, it is uncertain whether analyses using a different sample will provide the same outcomes. Therefore, additional tests utilizing organizational data should be conducted.

3.5 Phase 4: Replication of the Scale Development Procedure

Phase 4 of the scale development procedure involved replicating EFA and CFA and conducting a test of the measure's predictive ability using an independent sample. To accomplish this, a new dataset comprised of public administration employees was used in the analyses.

3.5.1 Replicating Exploratory and Confirmatory Factor Analyses of the Favoritism Scale

3.5.1.1 Sample and Procedure

Utilizing a cluster sampling technique, United States municipal government employees, including (but not limited to) those in the city manager's office and the finance, fire and police departments, were recruited for analyses conducted in Phase 4. Municipalities were chosen at random by pinpointing a location from a map of the 50 United States. Once a municipality was pinpointed, a search of the city's website was conducted on the internet. Employee contact information that was available on the organization's website, including the employee's name, email address, job title, and division, was collected. This method was repeated 43 times, resulting in the collection of contact information for 3,972 employees from 39 different municipalities within 29 states.

Five hundred nine employees completed the survey (response rate = 12.81%), and 349 were deemed usable for the study. Listwise deletion and expectation maximization imputation were utilized for data cleansing. Incomplete responses, responses with missing not-at-random data, and duplicate responses were removed from the study. Expectation maximization imputation was used for data that were missing-at-random. The sample consisted of 54% male and 46% female respondents. Seventy-seven percent were White/Caucasian, 9% Black/African American, 8% Hispanic/Latino, and approximately 3% Asian. Approximately 21% were between 18 and 29 years of age, 33.5% were aged 30-39 years, 31.3% were aged 40-49years, and 14% were 50 years old or older. Only 1.7% of the sample were working part-time while 98.3% were full-time employees.

3.5.1.2 Exploratory Factor Analysis

Using SPSS 26 software, EFA with Varimax rotation was used to assess the factor structure of the 10-item favoritism measure. Results of the eigenvalues-greater-than-one test and Scree plot revealed 3 factors. Factor loadings and communalities can be found in Table 3.9. Cronbach's alpha reliability analyses of each cronyism (α = .925), nepotism (α = .932), and congenialism (α = .917) showed excellent internal consistency, as each value was above the α > .9 threshold (George & Mallery, 2003).

Table 3.9: EFA replication results of favoritism items with 3 fixed factors

No.	Item	Cong	Nept	Crony	Comm.
1	My supervisor favors employees who show loyalty to him/her.	.870			.809
2	My supervisor favors employees who (s)he thinks are devoted to him/her.	.849			.806
3	My supervisor favors employees who are a better personality "fit" with him/her.	.836			.807
4	My supervisor favors employees who (s)he deems likeable.	.831			.784

No.	Item	Cong	Nept	Crony	Comm.
5	Employees who are related to a supervisor/manager are protected from firing.		.881		.902
6	Employees who are related to a supervisor/manager are given special treatment.		.878		.918
7	My supervisor does not properly reprimand employees who are related to upper-administrators (including himself/herself).		.841		.824
8	An employee must have "friends in high places" in order to move up in the company.			.884	.930
9	You have to "know" somebody in a management position in order to move up in the company.			.883	.894
10	Employees in my division must be a friend of the supervisor/manager in order to get a promotion.			.785	.813

Note. n = 349; Cong = Congenialism, Nept = Nepotism, Crony = Cronyism, Comm = Communalities

3.5.1.3 Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) was conducted using SPSS AMOS 26 in order to test model fit of the 10-item favoritism scale. Chi-square/df (χ^2/df), NFI, GFI, CFI, and RMSEA were assessed for 1-, 2-, and 3-factor models. Modification indices were checked, and five paths that correlated indicator error terms were added to the model. None of the correlated error terms crossed from one construct to another, maintaining the model's theoretical soundness.

The correlated 3-factor model (Figure 3.2) revealed good model fit. The mean-square value (χ^2/df) was 1.674, meeting Hu & Bentler's (1999) cutoff criteria of < 2.0. Values for NFI (.986), GFI (.976) and CFI (.994) met the threshold of ≥ .95, and RMSEA (.044) met the cut-off criteria of .08 for close model fit (Browne & Cudeck, 1993). In addition, all path coefficients were statistically significant, representing effective connections between cronyism, nepotism, and congenialism. However, in order to confirm that favoritism is underpinned by cronyism, nepotism, and congenialism, a hierarchical 3-factor model was tested. Goodness of fit indices

from the confirmatory factor analysis were identical to those found in the correlated model (Table 3.10), and the favoritism-cronyism (β = .884, $p < .001$), favoritism-nepotism (β = .777, $p < .001$) and favoritism-congenialism (β = .730, $p < .001$) path coefficients were all statistically significant, confirming favoritism as a second-order latent construct derived from correlations among cronyism, nepotism, and congenialism. Figure 3.3 shows a depiction of the hierarchical model.

Figure 3.2: Phase 4 structural equation modeling results: Correlated 3-factor Model

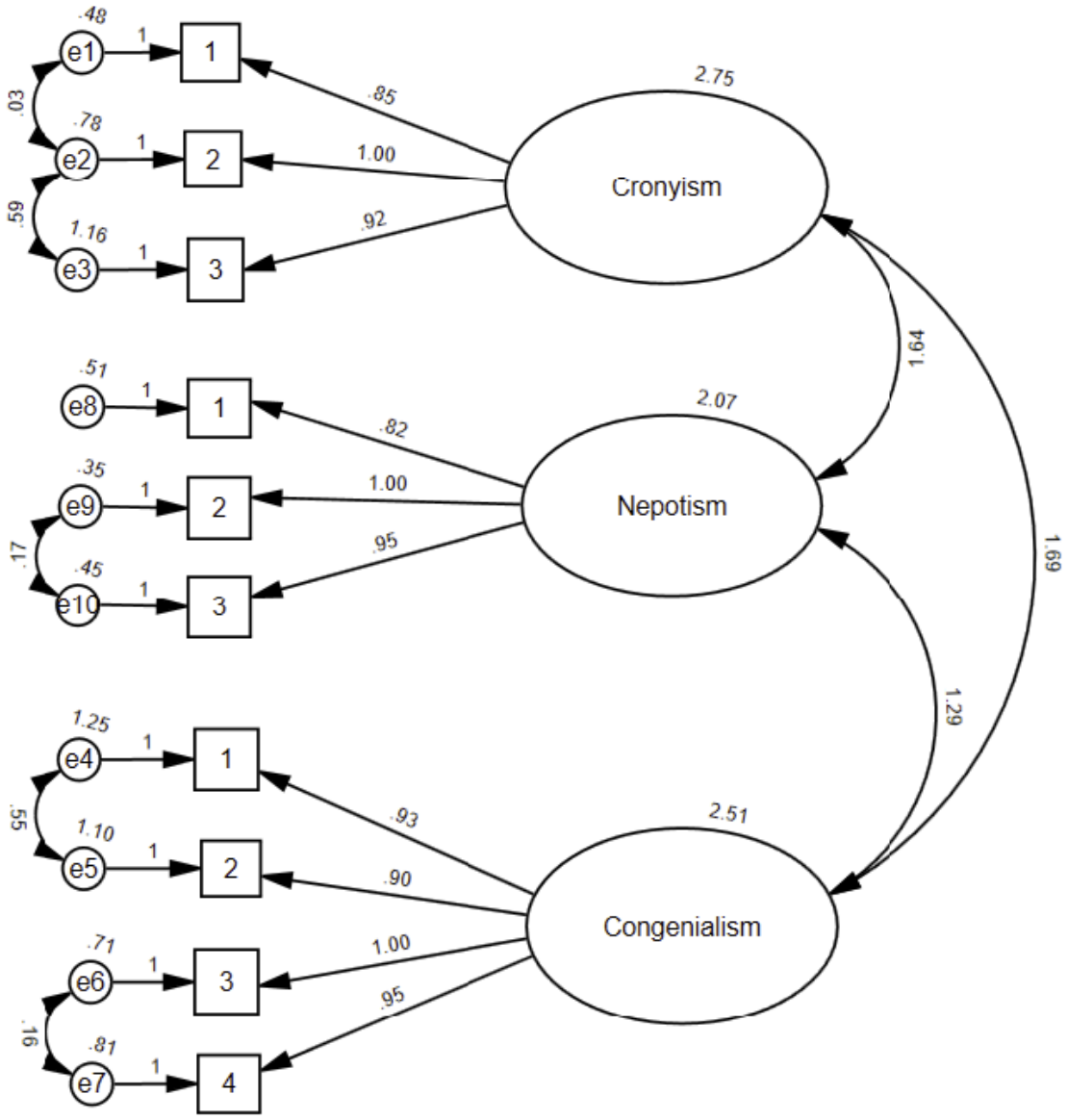


Figure 3.3: Phase 4 structural equation modeling results: Hierarchical 3-Factor Model

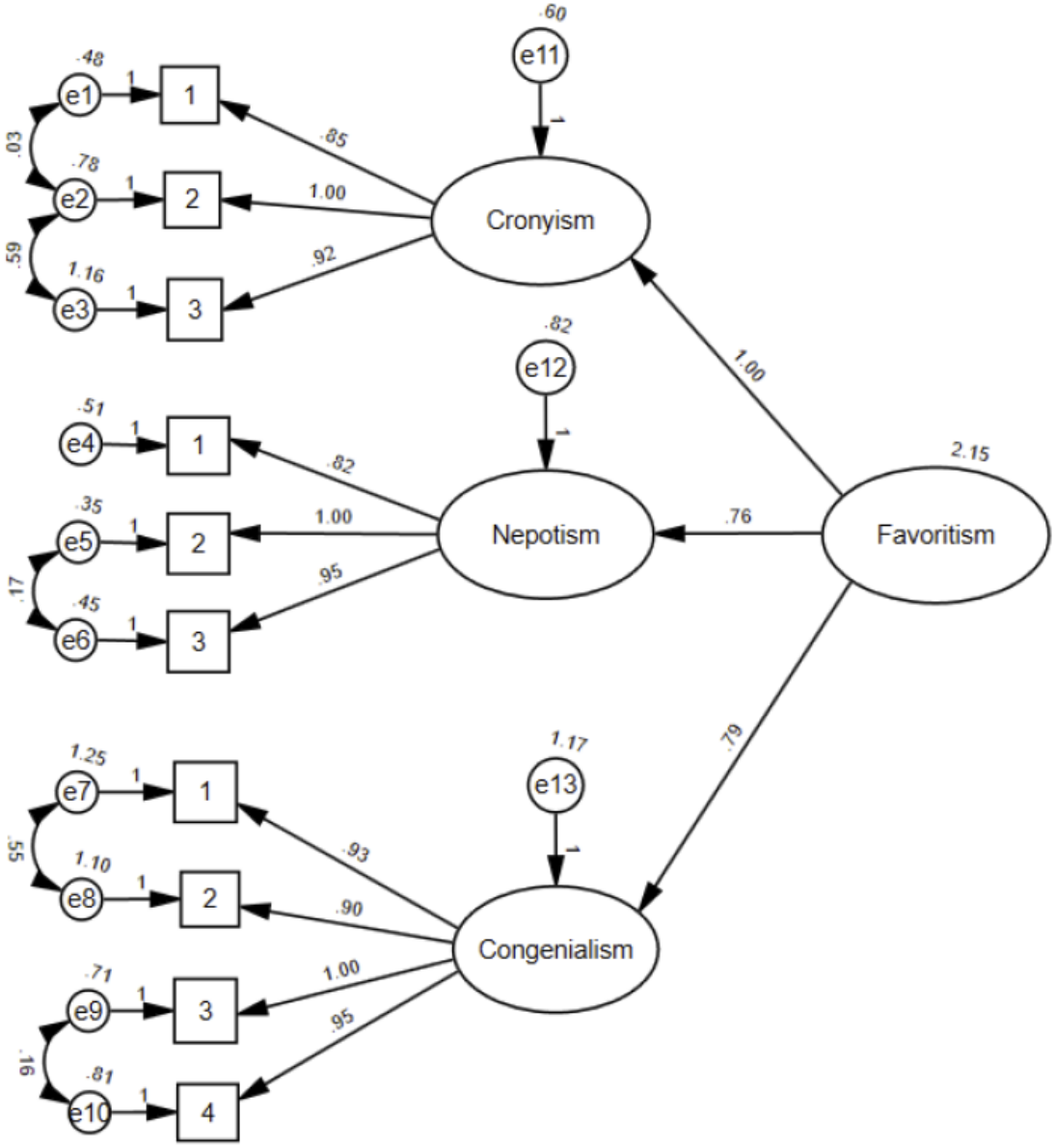


Table 3.10: CFA replication results of favoritism measure scale validation

Model (n = 349)	χ^2	df	χ^2/df	NFI	GFI	CFI	RMSEA	RMSEA 90% CI
10-item, 1-Factor	372.92***	30	12.431	.886	.831	.893	.181	[.165, .198]
10-item, 2-Factor	199.80***	29	6.890	.939	.896	.947	.130	[.113, .147]
10-item, 3-Factor	45.21*	27	1.674	.986	.976	.994	.044	[.019, .066]
3-Factor Hierarchical	45.21*	27	1.674	.986	.976	.994	.044	[.019, .066]

Notes. * p < .05; *** p < .001; NFI = normed-fit index; GFI = goodness of fit index; CFI = comparative fit index; RMSEA = root-mean-square error of approximation.

Due to the uncertainty of when employees may begin to experience favoritism behavior, a final confirmatory factor analysis of the 3-factor model was conducted using only employees who reported working for their employer for at least one year. This resulted in the removal of 111 responses (n = 238). As expected, the CFA once again produced estimates that are indicative of good model fit (χ^2 = 43.228, df = 27, p < .05; NFI = .981; GFI = .966; CFI = .993; RMSEA = .050), confirming favoritism as a higher-order latent factor to cronyism, nepotism, and congenialism.

3.6 Conclusion

The results from Phases 1 through 4 provide ample evidence that favoritism is a latent construct that is comprised of 3 sub-dimensions: cronyism, nepotism, and congenialism. Phase 1 involved the development of a list of measurement statements that had been used and empirically tested in prior favoritism research studies. These statements underwent a sorting test meant to determine the dimensionality and potential underlying latent structure of the items. Results of the test suggested that favoritism is a latent variable explained through multiple sub-dimensions.

Various statements were then added to and removed from the initial list of items in order to better-understand the latent structure. It was determined that the new list of statements could be divided into 3 dimensions: cronyism, nepotism, and congenialism. As a result, a second Q-sort was conducted in order to evaluate these dimensions. Next, an EFA was conducted to analyze the factorial structure of the list of items. Results of the EFA indicated a 3-factor structure with 3 items representing cronyism, 3 items representing nepotism, and 4 items representing congenialism.

Phase 2 involved confirming the factorial structure of the favoritism items and Phase 3 tested convergent and discriminant validities of the 3 favoritism sub-dimensions. After revealing

good model fit through CFA and confirming validity of the sub-scales, EFA and CFA were repeated in Phase 4 using a sample of local government employees. Results from the replication confirmed that favoritism is indirectly observed through measures of cronyism, nepotism, and congenialism.

While the results in Chapter 3 provide ample support that favoritism is latent construct made up of 3 sub-dimensions, further research is needed to test predictive patterns of the favoritism construct, thus further quantifying the content validity of the measure. To accomplish this, Chapter 4 analyzes direct and indirect relationships between favoritism and various constructs.

CHAPTER 4

HYPOTHESIS TESTING

Chapter 4 further examines the dimensionality of favoritism by testing direct effects of cronyism, nepotism, and congenialism on job satisfaction, organizational commitment, counterproductive work behavior, and turnover intention. Mediation analyses were conducted to determine whether organizational justice explains favoritism's relationship with job satisfaction, organizational commitment, counterproductive work behavior, and turnover intention. Additional analyses were conducted to examine the roles of ingroup membership and ingroup permeability as moderators of favoritism's relationship with organizational justice. The chapter concludes with post hoc analyses of conditional indirect effects of favoritism on employee attitudes and behavioral intentions.

4.1 Sample and Procedure

Responses of 349 municipal government employees from the sample in Study 6 were used to test the research hypotheses. Fifty-four percent of the sample was male, 75% had earned a Bachelor's or higher level of degree, and 98% were full-time employees. Sixty-eight percent of the respondents had worked for their company one year or longer while 32% had worked at their organization for less than one year.

Direct effects were tested using correlation and regression analyses. Hayes' (2018) PROCESS Model 4 was used to analyze the mediating role of organizational justice on the relationships between favoritism and job satisfaction, organizational commitment, CWB, and turnover intention. PROCESS Model 1 was used to analyze the moderating roles of ingroup membership and ingroup permeability on favoritism's relationship with organizational justice. Conditional indirect effects were evaluated with Process Model 7.

4.2 Measures

Unless otherwise noted, constructs were measured using a 7-point Likert scale (1 = *strongly disagree*; 2 = *disagree*; 3 = *somewhat disagree*; 4 = *neither agree nor disagree*; 5 = *somewhat agree*; 6 = *agree*; 7 = *strongly agree*).

4.2.1 Favoritism

The 3-factor, 10-item favoritism scale developed in Chapter 3 was used in this study. *Cronyism* was represented by three items (α = .927), including "An employee must have 'friends in high places' in order to move up in the company." Three items were used to measure *nepotism* (α = .931), including "My supervisor does not properly reprimand employees who are related to upper-administrators (including himself/herself)." Four items represented *congenialism* (α = .917), including "My supervisor favors employees who (s)he deems likeable."

4.2.2 Job Satisfaction

Five items from Brayfield and Rothe's (1951) overall job satisfaction measure were used. The scale consists of 3 positively-worded statements, including "I feel fairly well satisfied with my present job" and "Most days I am enthusiastic about my work," and 2 reverse-coded statements. The measure had a Cronbach's alpha reliability value of α = .841.

4.2.3 Affective Organizational Commitment

Eight statements from Allen and Meyer's (1990) organizational commitment scale were used to measure affective organizational commitment. The scale had a reliability coefficient alpha of .850. Items in the scale include "I would be very happy to spend the rest of my career with this organization," "I enjoy discussing my organization with people outside it," and "I really feel as if this organization's problems are my own."

4.2.4 Counterproductive Work Behavior

Counterproductive work behavior was measured using the sum of responses to Spector and colleagues' 10-item short form of the counterproductive work behavior checklist (CWB-C; Spector, Bauer, & Fox, 2010; Spector et al., 2006). Participants were asked to rate how often they partake in behaviors while at their present job using a 5-point Likert scale (1 = *never*; 2 = *once or twice*; 3 = *once or twice per month*; 4 = *once or twice per week*; 5 = *every day*). Coefficient alpha for the CWB-C 10-item scale was .699.

4.2.5 Turnover Intention

Two items from Colarelli's (1984) turnover intention scale were used in this study: "I frequently think of quitting my job" and "I am planning to search for a new job during the next 12 months." The scale had a Cronbach's alpha reliability value of .833.

4.2.6 Organizational Justice

Colquitt and Rodell's (2015) supervisor-focused version of Colquitt's (2001) measure of organizational justice dimensions (i.e., procedural, distributive, interpersonal, and informational) were used. Survey participants were given an instructional statement (e.g., "The questions below refer to the interactions you have with your supervisor as decision-making procedures about pay, rewards, evaluations, promotions, assignments, etc. are implemented.") prior to answering a series of questions assigned to each justice dimension. Participants' level of agreement was measured using a 5-point Likert-type scale (1 = *strongly disagree*; 2 = *disagree*; 3 = *neither agree nor disagree*; 4 = *agree*; 5 = *strongly agree*). Overall justice was measured as an aggregated value of procedural, distributive, interpersonal, and informational justices (Colquitt & Shaw, 2005; Colquitt & Rodell, 2015). Cronbach's alpha reliability for the measure was α = .955.

4.2.7 Ingroup Membership

Ingroup membership was measured using a binary variable (0 = no; 1 = yes). First, respondents were given the following prompt: "An 'ingroup' is considered an exclusive, typically small, group of people who share the same interests or identity, while an 'outgroup' is considered everyone who is NOT a member of the ingroup." Next, respondents were asked to answer 'yes' or 'no' to the question, "Do you consider yourself a member of your supervisor's 'ingroup'?"

4.2.8 Ingroup Permeability

Ingroup permeability was measured with 7 items from Armenta et al.'s (2017) permeability scale. Three statements from the original 10-item scale were not used due to the inability to modify the statements to be generalizable to ingroup members. Five negatively-worded statements were included in the measure, such as "My supervisor's ingroup and outgroup are fundamentally different," "My supervisor's ingroup and outgroup are worlds apart," and "The difference between my supervisor's ingroup and members of my supervisor's outgroup is clear-cut." The measure also included 2 reverse-coded statements. Respondents were asked to rate their level of agreement with each of the statements using a 5-point Likert-type scale (1 = *strongly disagree*; 2 = *disagree*; 3 = *neither agree nor disagree*; 4 = *agree*; 5 = *strongly agree*).

4.2.9 Control Variable: Ethical Climate – Law and Code

An organization's ethical values influence both internal and external organizational behavior, including supervisor-subordinate relations. Implied ethical rules regarding these relationships often lead to more formal ethical structures like organizational policies and procedures (Duh, Belak, & Milfelner, 2010). When policies are developed based on the organization's ethical values, employees are expected to adhere to those policies (Victor &

Cullen, 1988). Management studies have shown ethical climate to have significant effects on outcomes like affective organizational commitment (Borhani, Jalali, Abbaszedeh, & Haghdoost, 2013), job satisfaction, and turnover intention (Mulki, Jaramillo, & Locander, 2007). Therefore, in order to better-determine contributions to the study's dependent variables that are specific to favoritism, ethical climate – law and code was used as a statistical control variable in the analyses. Victor and Cullen's (1988) law and code climate measure was used, which consists of 4 statements, including "In this company, the law or ethical code of their profession is the major consideration" and "In this company, people are expected to strictly follow legal or professional standards." The scale had a Cronbach's alpha reliability value of $\alpha = .888$.

4.3 Direct Effects

4.3.1 Method

Data were analyzed using SPSS 26. Pearson correlation and multiple regression analyses were conducted to examine cronyism, nepotism, and congenialism's direct relationships with job satisfaction, affective organizational commitment, CWB, and turnover intention. Multiple regression analyses were used to establish the explanatory value of favoritism dimensions.

4.3.2 Results

4.3.2.1 Correlation Analysis

Descriptive statistics, intercorrelations among study variables, and Cronbach alpha reliability coefficients are presented in Table 4.1. Correlations of the study variables were examined in order to determine the relationships between each of the 3 favoritism dimensions (i.e., cronyism, nepotism, and congenialism) and job satisfaction, organizational commitment, CWB, and turnover intention.

Table 4.1: Correlation matrix with means, standard deviations, and Cronbach's alpha coefficient reliabilities

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
CRONY	2.77	1.660	(.925)											
NEP	2.44	1.406	.616**	(.932)										
CONG	3.50	1.603	.536**	.502**	(.917)									
FAV (10-Item)	3.12	1.240	.839**	.789**	.849**	(.922)								
JS	5.55	1.068	-.428**	-.302**	-.315**	-.407**	(.840)							
AOC	4.88	1.115	-.529**	-.438**	-.334**	-.492**	.651**	(.850)						
CWB	13.42	3.375	.227**	.247**	.339**	.346**	-.299**	-.254**	(.697)					
TI	2.41	1.660	.513**	.361**	.324**	.467**	-.573**	-.586**	.262**	(.833)				
OJ	4.02	0.939	-.590**	-.498**	-.566**	-.641**	.521**	.605**	-.244**	-.483**	(.955)			
IM	0.25	0.432	-.144**	-.073	-.036	-.088	.144**	.202**	-.075	-.114*	.149**	(N/A)		
IP	2.94	0.544	.365**	.305**	.316**	.388**	-.315**	-.331**	.166**	.245**	-.431**	-.191**	(.736)	
EC – L&C	5.92	1.120	-.326**	-.401**	-.211**	-.338**	.297**	.412**	-.152**	-.298**	.389**	.091	-.178**	(.888)

Notes. n = 349. CRONY = cronyism; NEP = nepotism; CONG = congenialism; FAV = favoritism; JS = job satisfaction; AOC = affective organizational commitment; CWB = counterproductive work behavior; TI = turnover intention; OJ = organizational justice; IM = ingroup membership; IP = ingroup permeability; EC – L&C = ethical climate – law and code. Cronbach's alpha reliabilities are in parentheses along the diagonal. * $p < 0.05$. ** $p < 0.01$

Table 4.2: Multiple regression analyses results

Model	F	R	R^2	Unstandardized		Standardized	t	r_s	r^2_s	% R^2 Unique
				B	SE	β				
Job Satisfaction	27.653	.440	.194***							
(constant)				6.492	.131		49.725***			
Cronyism				-.224	.042	-.348	-5.350***	-.973	.946	34.5%
Nepotism				-.024	.048	-.031	-.489	-.686	.471	0.5%
Congenialism				-.075	.039	-.113	-1.904	-.716	.513	4.6%

Model	*F*	*R*	R^2	Unstandardized		Standardized	*t*	r_s	r^2_s	% R^2 Unique
				B	SE	β				
Organizational Commitment	49.430	.548	.301***							
(constant)				6.044	.127		47.593***			
Cronyism				-.274	.041	-.407	-6.717***	-.965	.932	30.6%
Nepotism				-.137	.047	-.172	-2.915**	-.799	.639	6.0%
Congenialism				-.020	.038	-.029	-.529	-.609	.371	0.3%
CWB	16.157	.351	.123***							
(constant)				10.683	.430		24.832***			
Cronyism				.035	.138	.017	.255	.647	.418	0.0%
Nepotism				.227	.159	.094	1.425	.704	.495	4.1%
Congenialism				.595	.130	.283	4.574***	.966	.933	43.1%
Turnover Intention	42.273	.518	.269***							
(constant)				.798	.193		4.127***			
Cronyism				.449	.062	.449	7.247***	.990	.981	41.6%
Nepotism				.068	.071	.057	.949	.697	.486	0.7%
Congenialism				.056	.058	.054	.957	.625	.391	0.7%

Notes. $n = 349$; CWB = counterproductive work behavior; r_s = structure coefficient = r / R; r^2_s = squared structure coefficient = $(r / R)^2$; % R^2 Unique = Amount of criterion variance explained uniquely by the predictor. *$p < .05$; ** $p < .01$; ***$p < .001$

The correlation analysis revealed cronyism (r = -.428; p < .01), nepotism (r = -.302; p < .01), and congenialism (r = -.315; p < .01) to have statistically significant, negative relationships with job satisfaction. These results indicate that as an employee's perception of favoritism increases, the level of satisfaction for their job decreases, supporting Hypothesis 1.

Hypothesis 2 predicted favoritism to have a negative relationship with affective organizational commitment. Results of the correlation analysis showed statistically significant, negative relationships between cronyism and organizational commitment (r = -.529; p < .01), nepotism and organizational commitment (r = -.438; p < .01), and congenialism and organizational commitment (r = -.334; p < .01). This suggests that as favoritism perceptions increase, commitment to the organization decreases, thus supporting Hypothesis 2.

The analysis showed statistically significant, positive relationships between cronyism (r = .227; p < .01), nepotism (r = .247; p < .01), and congenialism (r = .339; p < .01) and CWB, suggesting that individuals with high levels of perceived favoritism are more likely to engage in counterproductive work behaviors. As a result, Hypothesis 3 is supported. Cronyism (r = .513; p < .01), nepotism (r = .361; p < .01), and congenialism's (r = .324; p < .01) relationships with turnover intention were also found to be statistically significant and positive, supporting Hypothesis 4.

4.3.2.2 Multiple Regression Analyses

A secondary objective of this research was to demonstrate that cronyism, nepotism, and congenialism are distinct dimensions of favoritism that independently predict employee attitudes, behavior, and behavioral intentions. Therefore, multiple regression analysis and structure coefficient estimates were examined in order to investigate the relationships between the three favoritism dimensions (i.e., cronyism, nepotism, and congenialism) and job satisfaction,

organizational commitment, CWB, and turnover intention. Table 4.2 presents results of the multiple regression analyses.

Results of the analyses suggest that cronyism is the best predictor of job satisfaction (r^2_s = .833; % R^2 Unique = 25.9%), organizational commitment (r^2_s = .798; % R^2 Unique = 21.7%), and turnover intention (r^2_s = .923; % R^2 Unique = 35.1%), while congenialism is a far more important predictor of counterproductive work behavior (r^2_s = .912; % R^2 Unique = 42.9%) than cronyism or nepotism. The key takeaways from these findings are that employees who believe that close relationships with supervisors and upper-level managers result in preferential treatment are less satisfied with their job, less committed to their employer, and more likely to search for work elsewhere. Furthermore, employees who believe that their supervisor favors employees who they consider agreeable, suitable, or pleasant are more likely to engage in behavior that may be harmful to their co-workers or the organization itself.

4.4 Indirect Effects of Favoritism through Organizational Justice

4.4.1 Method

The mediating role of organizational justice in favoritism's relationships with job satisfaction, organizational commitment, CWB, and turnover intention were analyzed in 4 separate models. Each analysis was conducted using SPSS PROCESS Model 4 (Hayes, 2018), which is a non-parametric analysis that administers 1,000 bootstraps (i.e., repeated sampling from the data and estimation of the indirect effect) and constructs bias-corrected 95% confidence intervals for the indirect effect (Preacher & Hayes, 2008).

With the exception of favoritism, all measures used in the direct effect analyses remained the same. Rather than examine favoritism subdimensions, the construct was measured as an aggregate variable consisting of cronyism, nepotism, and congenialism. This variable was

created by averaging the individual-level data for all favoritism sub-dimension into one variable.

4.4.2 Results

Unstandardized estimates, bootstrap standard errors, bootstrap confidence intervals, R-squared, and the percent of R-squared that is represented by mediation are reported in Table 4.3. Percent R-squared mediation was calculated using a 3-step process. First, unique variance explained in the criterion variable by the independent, mediator, and control variables was calculated. Next, variance shared between the control variable and the independent and mediator variables was calculated. The final step involved subtracting the unique variances and variance shared with the control variable from the total variance explained in the criterion variable.

Hypothesis 5 predicted organizational justice to be positively related to job satisfaction and mediate favoritism's relationship with job satisfaction. Correlation analysis confirmed organizational justice's positive relationship with job satisfaction ($r = .521$, $p < .01$) and mediation analysis indicated that favoritism's relationship with job satisfaction was fully mediated by organizational justice ($F_{(3, 345)} = 46.632$, $p < .001$, $R^2 = .289$). Therefore, Hypothesis 5 is supported.

Hypothesis 6 predicted organizational justice to be positively related to organizational commitment and mediate favoritism's relationship with organizational commitment. The direct effect of organizational justice on organizational commitment was positive and statistically significant ($r = .605$, $p < .01$). Results of mediation analysis indicate that organizational justice partially mediates the favoritism-organizational commitment relationship ($F(3, 345) = 81.819$, $p < .001$, $R^2 = .416$). As a result, Hypothesis 6 is supported.

Hypothesis 7 posited that organizational justice would be negatively related to CWB and mediate the relationship between favoritism and CWB. While the relationship between justice

and CWB was statistically significant and negative (r = -.244, p < .01), justice did not mediate the favoritism-CWB relationship. Therefore, Hypothesis 7 is not supported.

Table 4.3: Simple mediation of the effects of cronyism and nepotism on job satisfaction, affective organizational commitment, CWB, and turnover intention

Effect	R^2	% R^2_{med}	B	BootSE	95% BootCI
Job Satisfaction	.288***	34.5%			
Fav → OJ (a)			-.436	.032	[-.499, -.372]
OJ → JS (b)			.468	.069	[.332, .605]
Fav → JS (c)			-.299	.044	[-.386, -.212]
Fav → OJ → JS (c')			-.095	.051	[-.196, .007]
a x b (indirect effect)			-.204	.042	[-.293, -.129]
Control Variable					
EC → OJ			.163	.036	[.093, .233]
EC → JS			.095	.047	[.002, .188]
AOC	.416***	30.7%			
Fav → OJ (a)			-.436	.032	[-.499, -.372]
OJ → AOC (b)			.518	.066	[.389, .647]
Fav → AOC (c)			-.358	.043	[-.442, -.274]
Fav → OJ → AOC (c')			-.132	.049	[-.228, -.274]
a x b (indirect effect)			-.226	.037	[-.306, -.156]
Control Variable					
EC → OJ			.163	.036	[.093, .233]
EC → AOC			.276	.047	[.184, .369]
CWB	.122***	32.6%			
Fav → OJ (a)			-.436	.032	[-.499, -.372]
OJ → CWB (b)			-.096	.243	[-.575, .383]
Fav → CWB (c)			.907	.146	[.620, 1.194]
Fav → OJ → CWB (c')			.865	.180	[.510, 1.220]
a x b (indirect effect)			.042	.126	[-.187, .298]
Control Variable					
EC → OJ			.163	.036	[.093, .233]
EC → CWB			-.102	.166	[-.429, .225]
Turnover Intention	.284***	40.4%			
Fav → OJ (a)			-.436	.032	[-.499, -.372]
OJ → TI (b)			-.498	.108	[-.711, -.285]

Effect	R^2	% R^2_{med}	B	BootSE	95% BootCI
Fav → TI (c)			.553	.067	[.422, .685]
Fav → OJ → TI (c')			.336	.080	[.179, .494]
a x b (indirect effect)			.217	.058	[.112, .349]
Control Variable					
EC → OJ			.163	.036	[.093, .233]
EC → TI			-.234	.074	[-.379, -.089]

Notes. n = 349. AOC = affective organizational commitment; CWB = counterproductive work behavior; EC = ethical climate – law and code; Fav = favoritism; JS = job satisfaction; OJ = organizational justice; TI = turnover intention; n/a = not applicable. *** $p < .001$

The final analysis of indirect effects tested Hypothesis 8, which posited that organizational justice is negatively related to turnover intention and mediates the relationship between favoritism and turnover intention. Organizational justice had a statistically significant, negative relationship with turnover intention (r = -.483, p < .01). In turn, organizational justice acted as a partial mediator of the favoritism-turnover intention relationship ($F_{(3, 345)} = 45.563$, $p < .001$, $R^2 = .284$), supporting Hypothesis 8.

4.5 Moderating Roles of Ingroup Membership and Ingroup Permeability on Favoritism's Relationship with Organizational Justice

4.5.1 Method

Two analyses using PROCESS Model 1 with bootstrapping set to 1,000 were conducted to test Hypothesis 9, which posits that ingroup membership moderates favoritism's effect on organizational justice, and Hypothesis 10, which predicts ingroup permeability to moderate the favoritism-organizational justice relationship. Ingroup membership was measured as a dichotomous (yes/no) variable, and was therefore not mean-centered prior to the analysis for Hypothesis 9. Because ingroup permeability was measured as a continuous variable, it was mean-centered for the analysis of Hypothesis 10.

4.5.2 Results

As Table 4.4 shows, the interaction between favoritism and ingroup membership explained a small, but statistically significant portion of the variance in organizational justice (B = .300; 95% CI = [.135, .465]; ΔR^2 = .020, p < .001) when controlling for ethical climate. High and low levels of favoritism are depicted as one standard deviation above and one standard deviation below the mean, respectively, in Figure 4.1 In support of Hypothesis 9, among respondents who reported themselves as members of their supervisor's ingroup the negative relationship between favoritism and organizational commitment was weaker than that of respondents who reported themselves as outgroup members. Results of the second analysis did not show support for Hypothesis 10, as the negative relationship between favoritism and organizational justice for those who showed a higher level of perceived permeability was not significantly different from those who perceived lower ingroup permeability (Figure 4.2).

Table 4.4: Moderated regressions of ingroup membership and ingroup permeability

Criterion: Organizational Justice	B	SE	t	95% CI	R^2	ΔR^2
Favoritism	-.478	.034	-13.990	[-.546, -.411]		
Ingroup Membership	.224	.087	2.579	[.053, .395]		
Ethical Climate (control)	.152	.035	4.324	[.083, .220]		
Favoritism x Ingroup Membership	.300	.084	3.572	[.135, .465]	.471***	.020***
Favoritism	-.368	.034	-10.873	[-.435, -.302]		
Ingroup Permeability	-.310	.076	-4.055	[-.460, -.156]		
Ethical Climate (control)	.158	.035	4.563	[.090, .226]		
Favoritism x Ingroup Permeability	-.085	.049	-1.736	[-.180, .011]	.484***	.005

*** p < .001

Figure 4.1: Ingroup Membership as a moderator of the favoritism-organizational justice relationship

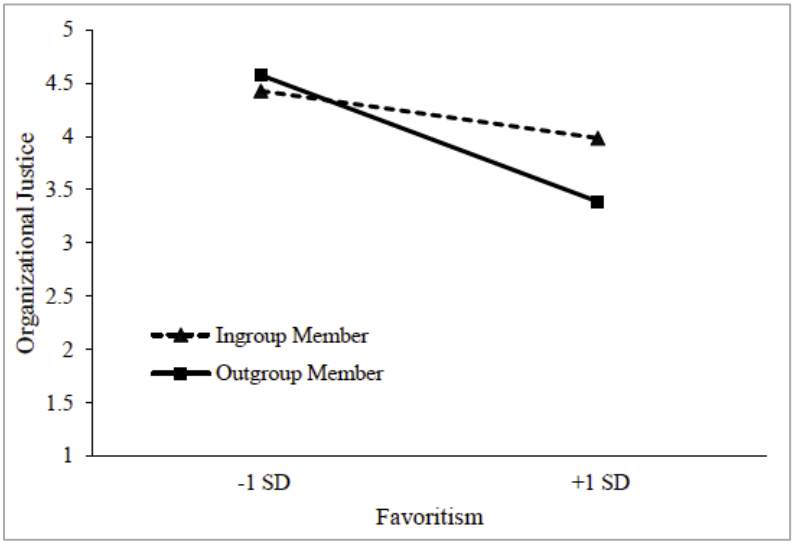
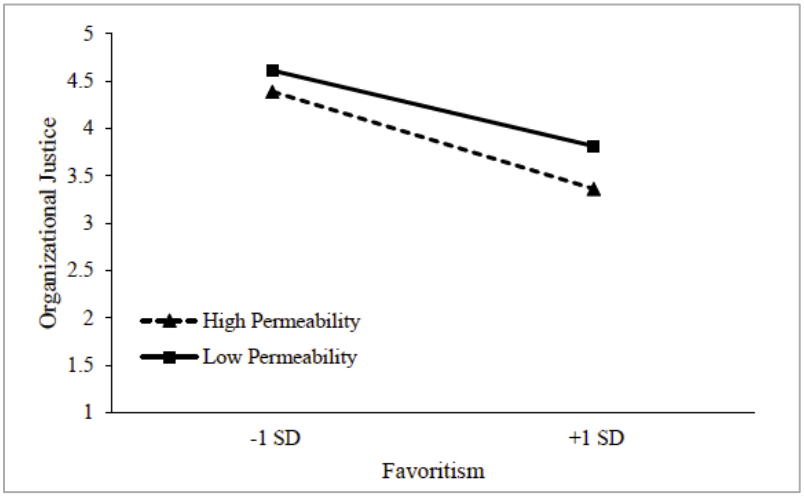


Figure 4.2: Ingroup Permeability as a moderator of the favoritism-organizational justice relationship



4.6 Post-hoc Analyses: First Stage Dual Moderated Mediation

Because statistically significant differences among ingroup and outgroup members were found in the moderation test between favoritism and organizational justice, post-hoc analyses were conducted to confirm differences between ingroup and outgroup members in favoritism's indirect relationships with job satisfaction, organizational commitment, and turnover intention while holding ingroup permeability constant.

Post-hoc Test 1: The mediating effect of organizational justice on favoritism's negative relationship with job satisfaction will be weaker for members of the supervisor's ingroup than for members of the supervisor's outgroup and weaker for individuals who perceive higher levels of ingroup permeability than those who perceive lower levels.

Post-hoc Test 2: The mediating effect of organizational justice on favoritism's negative relationship with organizational commitment will be weaker for members of the supervisor's ingroup than for members of the supervisor's outgroup and weaker for individuals who perceive higher levels of ingroup permeability than those who perceive lower levels.

Post-hoc Test 3: The mediating effect of organizational justice on favoritism's positive relationship with turnover intention will be weaker for members of the supervisor's ingroup than for members of the supervisor's outgroup and weaker for individuals who perceive higher levels of ingroup permeability than those who perceive lower levels.

4.6.1 Method

Hayes' (2018) PROCESS version 3.4 Model 9 in SPSS 27 was used to conduct each of the post-hoc analyses, and ethical climate was once again used as a control variable. Whether moderated-mediation occurs in Model 9 analyses depends on the statistical significance of the "index of moderated mediation," which quantifies the relationship between an indirect effect and a moderator (Hayes, 2015). The index reveals whether a statistically significant difference in the mediated relationship occurs between different values of the moderator. If the index value is different from zero, one can conclude that there is a significant difference. Five thousand bootstrap samples were conducted in each analysis.

4.6.2 Results

Results of Test 1 show a statistically significant, positive index value of partial moderated mediation for ingroup membership ($Index_{IM}$ = .1125, BootSE = .0431, 95% CI = .0379, .2064), but an insignificant index value for ingroup permeability ($Index_{IP}$ = -.0237, BootSE = .0262, 95% CI = -.0781, .0272). When ingroup permeability is held fixed, membership to the supervisors ingroup positively moderates the negative indirect effect of favoritism on job

satisfaction. In other words, the indirect effect is weaker for members of the supervisor's ingroup and stronger for members of the supervisor's outgroup. Because the confidence interval for the index of partial moderated mediation by ingroup membership does not include zero, we can conclude that favoritism's indirect effect on job satisfaction differs between ingroup and outgroup members regardless of whether they believe the ingroup to be permeable or not.

Test 2 revealed a statistically significant index of partial moderated mediation by ingroup membership ($Index_{IM}$ = .1244, BootSE = .0425, 95% CI = .0459, .2114), but found the index for ingroup permeability to be insignificant ($Index_{IP}$ = -.0262, BootSE = .0292, 95% CI = -.0866, .0296). Ingroup membership therefore positively moderates favoritism's negative indirect relationship with organizational commitment, suggesting that the indirect effect is weaker for ingroup members and stronger for outgroup members. Therefore, similar to results found in Test 1, favoritism's indirect effect on organizational commitment is different between the supervisor's ingroup and outgroup members for individuals who have high, moderate, and low perceptions of ingroup permeability.

The test for dual moderated mediation of favoritism's indirect effect on turnover intention showed ingroup membership to have a statistically significant, negative index ($Index_{IM}$ = -.1196, BootSE = .0490, 95% CI = -.2252, -.0351) and ingroup permeability to have an insignificant index ($Index_{IP}$ = .0252, BootSE = .0283, 95% CI = -.0280, .0845). This suggests that favoritism's positive indirect effect on turnover intention significantly differs between the supervisor's ingroup and outgroup members regardless of perceived permeability.

Graphs of the dual moderated mediation results are shown in Figures 4.3, 4.4, and 4.5. The slopes of the lines represent the index of partial moderated mediation by ingroup

membership (*Index*$_{IM}$), and the gap between each of the three lines represents the index of partial moderated mediation by ingroup permeability (*Index*$_{IP}$).

Figure 4.3: The indirect effect of favoritism on job satisfaction through organizational justice as a function of ingroup membership and ingroup permeability

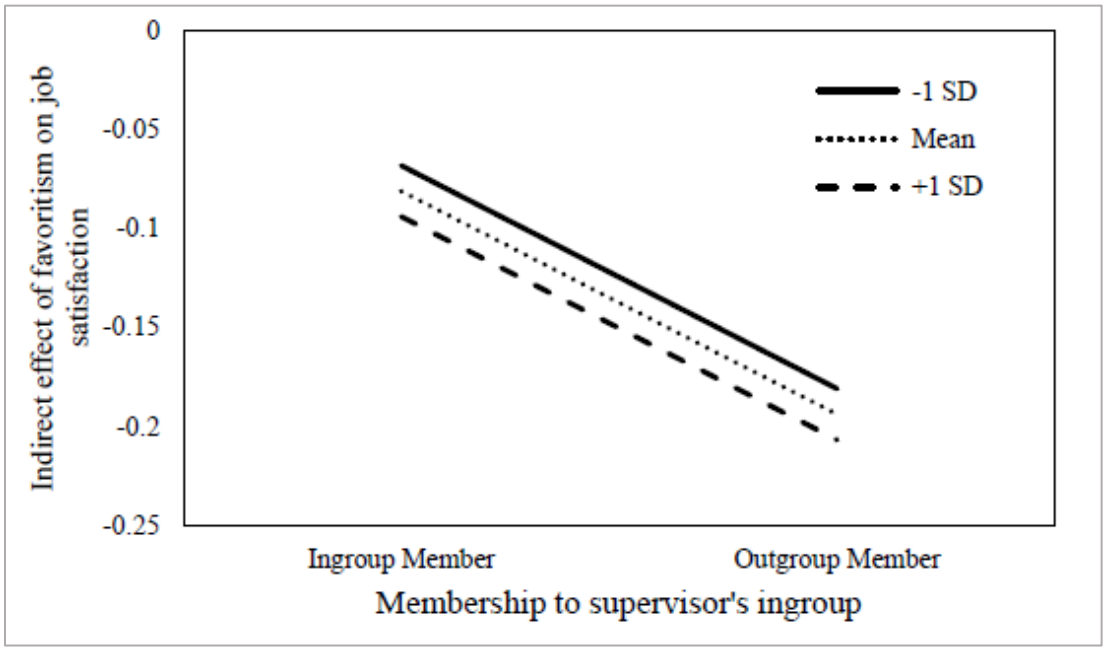


Figure 4.4: The indirect effect of favoritism on organizational commitment through organizational justice as a function of ingroup membership and ingroup permeability

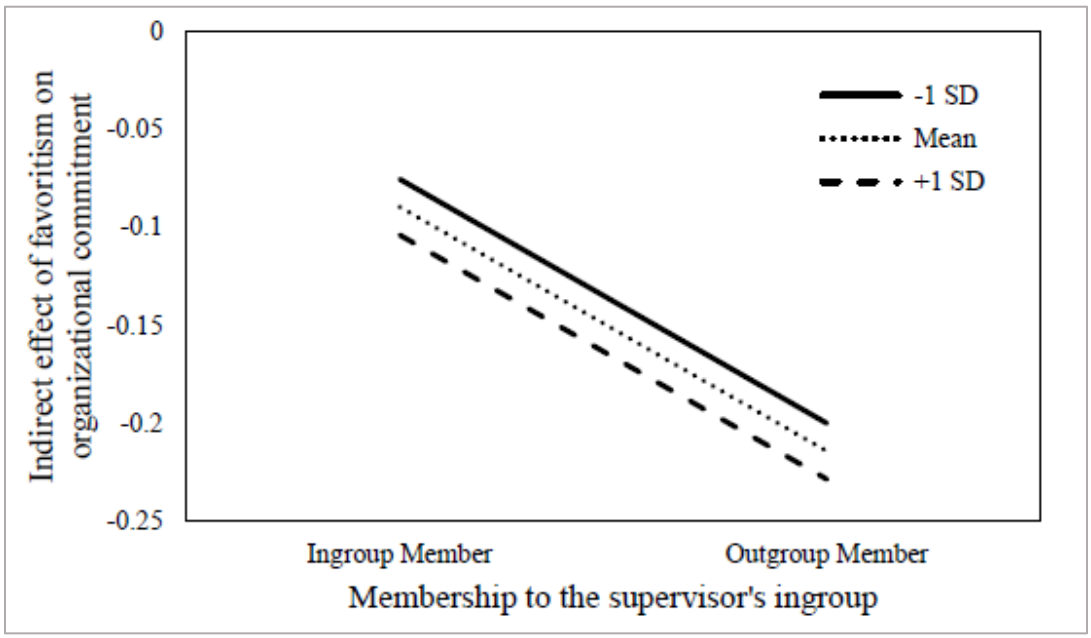
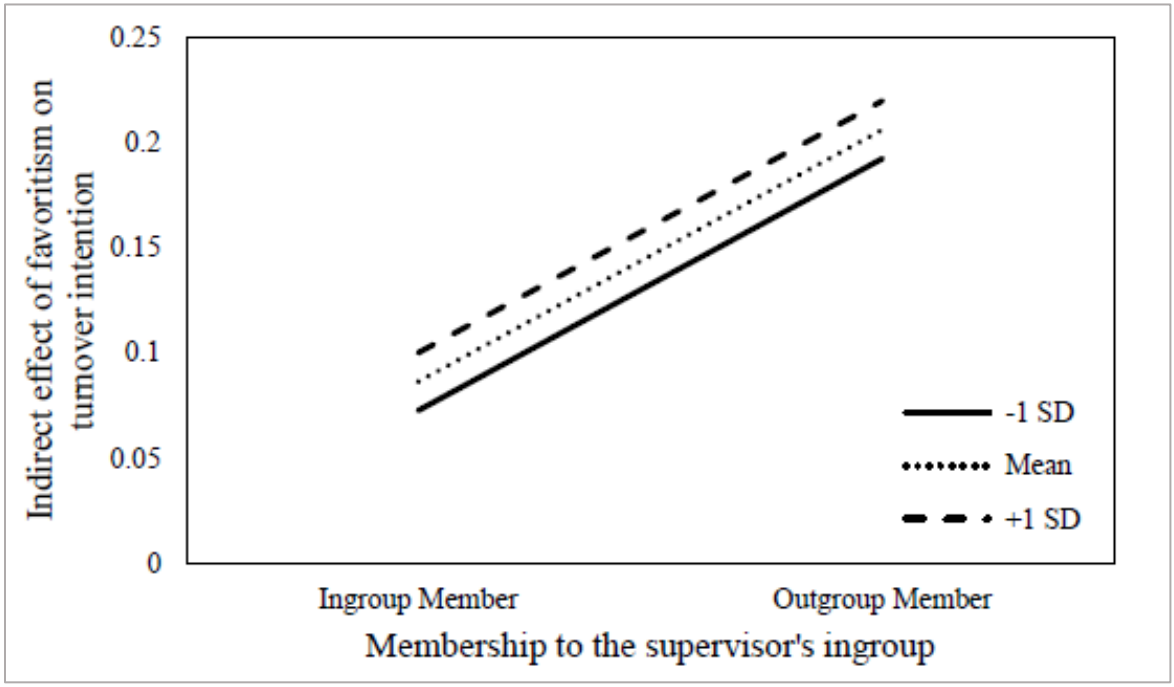


Figure 4.5: The indirect effect of favoritism on turnover intention through organizational justice as a function of ingroup membership and ingroup permeability



CHAPTER 5

DISCUSSION

Despite a lack of empirical investigations into workplace favoritism, it is common knowledge that the phenomenon is widespread and goes fairly unchecked. In the U.S., laws exist that forbid discrimination at work, yet few organizations have developed policies regarding favoritism behavior. Some local, state, and federal government organizations have put into place policies that limit favoritism behavior aimed at family members (i.e. nepotism), but it is hard to find a government organization that prohibits one from favoring their friends or acquaintances. Meanwhile, private companies are free to engage in favoritism behavior at their convenience.

The findings from this research support and supplement conventional wisdom that favoritism behavior results in negative employee outcomes. The results imply that there are direct and indirect links between favoritism and various employee attitudes, intentions, and behavior, and the strength of those links are based on an employee's membership to their supervisor's ingroup.

5.1 Theoretical Contributions

5.1.1 Development of a New Favoritism Measure

The development and validation of a revised favoritism measure is an important contribution to the management literature. Results of this study clarify the inconsistently applied conceptualizations of favoritism, cronyism, and nepotism by finding evidentiary support of favoritism's structure as a second order latent factor that contains multiple subdimensions, including cronyism, nepotism, and congenialism. Prior research has established cronyism and nepotism as elements of favoritism, but this study revealed an additional dimension of favoritism

behavior that comprises one's biases for personal qualities such as personality, likeability, and loyalty.

5.1.2 Direct Effects of Favoritism on Employee Outcomes

As predicted, favoritism negatively affected job satisfaction and organizational commitment and positively affected CWB and turnover intention. Multiple regression analysis results indicated that, among local government employees, cronyism provided more explanatory power in job satisfaction, organizational commitment, and turnover intention while congenialism provided the most explanatory power in counterproductive work behavior. Nepotism, however, proved to have little-to-no explanatory value towards the outcome variables, as any predicted value it had was shared with cronyism and congenialism.

The difference in unique effects may be attributed to two things. First, the sample used in the primary study consisted of government employees. Unlike privately-owned companies, local governments may have policies that prohibit supervisors from hiring and/or overseeing family members. Chapter 573 of the Government Code in Texas, for example, defines several laws that "prohibit a public official from appointing, confirming the appointment of, or voting for the appointment or confirmation of the appointment of a close relative to a paid public position" (Thomas, 2016: 1). Another explanation as to why nepotism was not a strong predictor may be that the concept is quite similar to cronyism. Both nepotism and cronyism center around close relationships. As a result, any contributions to variance explained in the outcome variables by nepotism was explained also through cronyism.

Why did congenialism explain more unique variance in CWB than nepotism and cronyism? The answer may once again lie within the research questionnaire. Cronyism and nepotism were both operationalized with relationship-specific items while congenialism items

were linked to an individual's personal qualities. Furthermore, the nepotism and cronyism items were linked to specific personnel decisions such as hiring, firing, and promoting employees, whereas the congenialism items were less contextualized. The congenialism items, therefore, were able to capture perceived favoritism that occurs at any time and in any situation. This is important because employees who engage in CWB may be a reacting to an event or series of events that are occurring day-to-day rather than more infrequent events like promotions.

5.1.3 Indirect Effects of Favoritism on Employee Outcomes

Mediation analysis results indicate that favoritism has indirect effects on job satisfaction, organizational commitment, and turnover intention through organizational justice. Favoritism's effect on job satisfaction was fully mediated by organizational justice, yet the indirect favoritism-commitment and favoritism-turnover intention relationships were only partially mediated. Theory and measurement may explain why organizational justice fully mediates the favoritism-satisfaction relationship but does not fully mediate the favoritism-justice or favoritism-turnover intention relationships.

Researchers have repeatedly found fairness attitudes to be highly predictive of job satisfaction (Cohen-Charash & Spector, 2001). The complete mediation of favoritism on job satisfaction through organizational justice is therefore not surprising. Because overall justice (i.e. a collective of procedural, distributive, interpersonal, and information justice) explains many facets of job satisfaction, favoritism is unable to provide additional explanatory value. Simply put, employees who feel like they have been treated unfairly, whether due to favoritism or injustice, will be less satisfied.

Although perceived unfairness stemming from favoritism and unjust behavior can impact an employee's level of commitment to the organization or intention to leave, there two reasons

why favoritism behavior may impact commitment and turnover intention beyond what can be explained through organizational injustice. The first explanation involves the root of the unfair behavior. Both organizational justice and favoritism capture elements of a relationship between the supervisor and subordinate. Interpersonal and informational justice concepts, for instance, capture fairness in the interactions between a supervisor and subordinate. Favoritism, however, goes beyond mere pleasant exchanges to imply that the supervisor and subordinate have an actual bond, whether through friendship or familial ties, and that bond is the root of unfair behavior. Those who believe that their supervisor engages in favoritism behavior believe that the strength of the supervisor-subordinate bond itself is the reason why an employee gets promoted, is protected from firing, etc. Because organizational justice does not fully capture this essence of friendship or familial bond, favoritism is able to add explanatory value in both organizational commitment and turnover intention.

The second explanation involves the *type* of unfair treatment being captured by organizational justice versus favoritism. As explained previously, organizational justice encompasses elements of unfairness in the procedures followed in decision making, the distribution of outcomes such as pay, rewards, promotions, etc., the interactions between the supervisor and subordinate, and explanations provided by a supervisor. The nepotism scale, which is a part of the aggregated, overall favoritism scale, captures unfairness in the firing or reprimanding of employees. Perhaps unfairness in employee punishment, which is captured by favoritism rather than organizational justice, is the reason why favoritism further explains organizational commitment and turnover intention.

Results showed a statistically significant, negative relationship between organizational justice and counterproductive work behavior, yet justice was not found to mediate the favoritism-

CWB relationship. Rather, results suggest that favoritism acts as a suppressor variable, thus the shared variance explained by favoritism and justice is being attributed to favoritism alone. Due to lack of theory supporting this finding, future researchers are encouraged to further explore this phenomenon.

5.1.4 Moderation Results

As anticipated, ingroup membership was found to be a boundary condition of favoritism's relationship with organizational justice. The negative effects of favoritism on organizational justice are greater for employees who do *not* belong to the supervisor's ingroup than those who *do* belong. The results indicate that employees who find themselves members of the supervisor's ingroup are less sensitive to, or more accepting of, favoritism behavior than outgroup members. According to LMX theory, employees who achieve ingroup status have established, over time, a reciprocal relationship that provides benefits to those closest to the supervisor. Employees who feel like outsiders, however, are likely hyper intuitive to favoritism behavior because they, as outgroup members, find themselves incapable of receiving the same benefits that are given to ingroup members.

Perceived ingroup permeability, however, did not moderate favoritism's relationship with organizational justice. This may be due to the measurement used to capture permeability. The scale developed by Armenta and colleagues (2017) asks respondents to rate their level of agreement with a series of statements about 'appearing' as an ingroup or outgroup member. While ingroup/outgroup member appearances are evident in some circumstances (e.g., race, ethnicity, gender, etc.), it can be more difficult to distinguish ingroup/outgroup members of a close-knit social or work group. For instance, individuals of different races can be distinguished by their skin color and other physical features, but members of a close-knit social group (i.e.,

clique) may be comprised of individuals who have different physical features, personalities, etc. Therefore, an employee's ability to permeate their supervisor's ingroup may depend on factors other than how they look or act. This suggests that a permeability scale geared more towards elements that are more clearly evident in social groups would be more suited for this study.

5.1.5 Post-hoc Analyses

This is the first favoritism model testing dual moderated mediation. The purpose of examining the research model using this type of analysis was to determine whether ingroup membership and/or ingroup permeability moderated favoritism's indirect effects on job satisfaction, organizational commitment, CWB, and turnover intention. While statistically significant relationships found in tests of the main hypotheses mirrored those found in the post-hoc analyses, results revealed that the indirect effects were moderated by ingroup membership while controlling for ingroup permeability. These results indicate that the indirect effects vary between ingroup and outgroup members whereas the indirect relationships are statistically significantly larger for outgroup members compared to ingroup members.

5.2 Practical Implications

Several managerial implications warrant discussion. First, organizations that value fairness may benefit from external recruiting when hiring a job candidate for a supervisory role. External managerial candidates are less likely to come into a new position with meaningful relationships with current employees whom they will oversee. When promoting from within the organization, members of the search committee should examine whether close relationships exist between the job candidate and the employees they will oversee in the new position, as strong relationships can lead to favoritism behavior. The organization should have a plan to address the issue if the committee finds the likelihood of favoritism behavior by the job candidate to be high.

In addition, organizations should consider enacting policies similar to those that some governments have created to stave off nepotism behavior. Policies that prohibit supervisors from making important decisions about employees who are relatives can also be applied to employees within their inner-circle.

Favoritism is common across cultures and industries perhaps due to the fact there are no laws prohibiting employees from favoring one employee over another as long as the act does not discriminate against a lawfully protected individual or group, is not a form of harassment, and is not conducted in retaliation. Further, it seems that few organizations incorporate fairness training for managers and supervisors. Skarlicki and Latham (2005) suggest that supervisors who are given fair-process training benefit more from programs that provide specific instructions on how to be a fair manager than they do from lectures that lack student engagement. Human Resource professionals should therefore develop engaging, fair-process training programs for incoming supervisors and managers that involve critical thinking and role playing. Trainers must highlight the benefits of fair treatment and negative effects of favoritism behavior while showing direct links between the goals of the training program and the goals of the organization. Human resource professionals can also work to prevent favoritism at work by developing a set of procedures where employees, managers, and human resource professional work together to detect opportunities where favoritism might occur, identify recurring favoritism behavior, and address favoritism behavior.

Supervisors can engage in various forms of favoritism behavior. For example, a supervisor engages in positive unfair behavior when they assess a work friend more highly than they should, whereas a supervisor engages in negative unfair behavior when they provide a lower assessment of a work friend or family member in an effort to throw off the image that they

engage in favoritism behavior towards those individuals. In both instances, the employee is disadvantaged at no fault of their own. Supervisors can attenuate the effects of unfair behavior, such as low satisfaction and commitment to the organization, by offering career-advancing job tasks to all employees and by rewarding employees based on their efforts and successes.

Additionally, a supervisor may offer justification for what is perceived as favoritism behavior. Justifying the behavior, however, can lead to "acceptable" forms of favoritism that, when normalized, can have detrimental effects on the organization. As stated previously, employees who do not benefit from favoritism may begin to feel like "outsiders" and may start looking for work elsewhere because they become less attached to the organization. Therefore, encouraging supervisors to take steps towards mitigating favoritism behavior, and training employees how to address favoritism from the perspectives of an employee who is not favored and one who is the recipient of favoritism behavior, can reduce the effects that favoritism has on employees and the organization overall.

5.3 Limitations and Research Directions

While this study has its strengths, there are several limitations that warrant discussion. First, a cross-sectional design approach was used to collect data in both preliminary and primary studies. Although a large sample indicative of the study population was obtained for the primary study, the data represents employee responses at a single moment in time. As a result, it is impossible to make causal assumptions about the data. Although hypothesized relationships between variables were confirmed, conclusions cannot be made about favoritism's ability to cause employees to feel less satisfied about their jobs or less committed to their employer, engage in bad work behavior, and consider leaving their employer. Future researchers should therefore consider examining temporal changes in the effects of employee favoritism perceptions

on attitudes, behavior, and intentions to determine whether changes in perceived favoritism over time coincide with changes in employee attitudes and behavior.

A second limitation of this study involves the operationalization of ingroup membership. In the survey, research participants were given the definitions of an ingroup member and an outgroup member, and were then asked whether they thought their supervisor had an ingroup. This was followed by the question, "Do you consider yourself a member of your supervisor's ingroup?" During analysis of the indirect effect, ingroup membership was represented as a dichotomous variable based on the participant's response to the question about ingroup membership. Failing to incorporate into the moderating variable the data from the question regarding whether the supervisor had an ingroup could have affected the results of the moderating analyses. For instance, employees who believe that their supervisor does *not* have an ingroup may have regression slopes that are different from employees who believe that their supervisor *does* have an ingroup. In response to this limitation, researchers should examine a *moderated moderated mediation* model (Hayes, 2018) where belief in the presence of an ingroup moderates the conditional influence of ingroup membership on the indirect effects that favoritism has on employee attitudes and behavior.

Third, the sample used in the primary study consisted of employees in municipal government. As stated previously, many U.S. federal and state government agencies must abide by laws that prohibit nepotistic behavior within the organization. For instance, the state of Oregon prohibits public officials from, among other things, interviewing, hiring, and promoting a relative or household member for a position under which the public official serves or controls (National Conference of State Legislatures, 2021). Private organizations are not beholden to the same laws, opening the door for managers to freely and openly engage in favoritism behavior.

This leaves one wondering whether the relationships confirmed in this study are mirrored in private firms and whether perceived nepotistic and other favoritism-type behaviors are actually higher in these organizations.

A final limitation of this research is the method used to analyze the relationships within the research model. This study examined individual, direct and indirect relationships between cronyism and job satisfaction, organizational commitment, and turnover intention, even though some scholars suggest that organizational commitment acts as a mediator in the job satisfaction-turnover intention relationship (Price & Mueller, 1986; Williams & Hazer, 1986). Although a more rigorous approach to analyzing the relationships in the research model was used in the post-hoc analysis, double mediation analysis is required for such a study. Analyzing the data through Structural Equation Modeling (SEM) would add robustness to the study results, as researchers can test moderation and mediation in a model. Instead of analyzing data in a single equation, as with correlation and regression analyses, SEM conducts several equations at once, allowing researchers to test whether the research data fit the model. Therefore, future researchers should consider utilizing SEM to not only confirm ingroup membership's role as a moderator between cronyism and job satisfaction and organizational commitment, but also confirm the mediating roles of job satisfaction and organizational commitment in cronyism's relationship with turnover intention.

These limitations notwithstanding, this study offers clear contributions to the favoritism literature. In particular, the study highlights the importance of the supervisor-subordinate relationship in the links between cronyism and various employee attitudes and behavioral intentions. The hope, therefore, is that this research encourages management scholars to continue discussing the consequences of cronyism and other types of favoritism at work.

5.4 Conclusion

Through the combined lenses of LMX and social identity theories, the research presented in this dissertation confirms an attitudinal model where favoritism indirectly affects job satisfaction, organizational commitment, and turnover intention while conditioned to one's membership to the supervisor's ingroup. Findings further highlight the dimensionality of favoritism and the effects that each subdimension (i.e., cronyism, nepotism, and congenialism) has on satisfaction, commitment, CWB, and intent to leave. I am hopeful that the research conducted in this study will initiate further investigations of favoritism's effects on employee and organizational outcomes.

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